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NEWS SUMMARY

GENERAL

Sanjay Gandhi funeral today

India faces political uncertainty following the death yesterday of Sanjay Gandhi, 33-year-old son of Premier Indira Gandhi.

Sanjay was killed when the two-seater aeroplane he was flying crashed near New Delhi. Although he did not hold a Government post, he had effectively taken over the management of the economy and industry and was being groomed to succeed his mother.

Both Houses of Parliament yesterday adjourned for the day in a tribute normally reserved for the country's leaders. Hundreds of thousands are expected to attend his funeral today. Back Page; Feature, Page 19

LDP landslide in Japan

Japan's ruling Liberal Democratic Party was returned to power with a landslide victory following Sunday's general elections. It won 284 seats in the 511-seat Lower House of the Diet. Back Page; Analysis, Page 4

Spain alert

Spanish security forces remained on alert as the deadline set by Basque guerrillas for the start of bombings at coastal resorts passed without incident. Page 3

Homes static

House prices are continuing to stay down throughout Britain and homes coming on to the market are taking longer to sell. Back Page

Rome killing

Terrorists in Rome shot dead a leading magistrate in a revival of political violence. Page 3

Thai villages hit

Vietnamese forces launched an attack into Thailand, shelling villages and causing panic among Kampuchean refugees. Page 4

West Bank riots

Israeli gunfire wounded at least five Palestinians as fresh riots broke out on the occupied West Bank following the death of an Arab woman shot by Israeli police in Bethlehem. Page 4

Rapier proposal

The Swiss Government formally proposed to buy 60 units of the British Rapier anti-aircraft guided missile system at an initial cost of £315m. Page 6

Sithole escapes

Zimbabwe nationalist leader Rev. Ndabaningi Sithole has escaped an assassination attempt in Salisbury, it was disclosed.

Wet Wimbledon

Rain hit the opening day at Wimbledon and play was stopped in the second test cricket match between England and the West Indies at Lords. Weather, Back Page

Briefly . . .

Jamaican security forces arrested an Opposition politician and about 20 soldiers in connection with an alleged planned military coup. Page 5

Heart transplant operation was carried out at Harefield Hospital, Middlesex, on Earnest Field, 50, from Chertsey, Surrey.

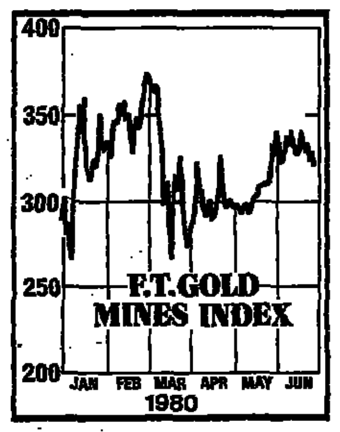
French magistrate charged three members of the British rock band The Stranglers with inciting violence at a Nice concert.

BUSINESS

Equities off 2.0; gold mines lose 6.4

● GILTS eased on gloomy economic forecasts after opening higher on prospects of the new taps. Longs and shorts lost up to ½. The Goverment Securities index fell 0.48 to 70.05. Page 32

● EQUITY leaders also eased. The FT 30-share index closed 2.0 down at 469.8. The Gold Mines index lost 6.4 to 319.7. Page 32



● STERLING was steady, closing 65 points up at $2.3420. Its trade-weighted index remained at 73.8. DOLLAR was slightly easier, its index slipping to 83.3 (83.4). Page 27

● GOLD fell $7 an ounce in London to $596.50. Page 27

● WALL STREET was 4.95 up at 874.66 before the close. Page 29

● MORGAN GUARANTY, a leading U.S. bank, cut its prime lending rate by 0.5 per cent to 11.5 per cent, continuing a sharp decline in the key lending rate. Back Page

● LONRHO is floating its first ever Eurodollar bond issue, $40m for eight years with a coupon of 11½ per cent.

● SECURITIES Industry Council is inquiring into the personal share dealings of investment managers and securities dealers to see if adequate supervision exists. Back Page

● WORLD OIL traders and importing refineries were facing the biggest risks in peacetime because of sudden price changes, Sir David Steel said. Page 8

● BRITISH companies have a 5 per cent share of this year's £24bn world market for military equipment and the share is increasing, the head of Government defence sales said. Page 10.

● HADFIELDS, the Lonrho steelmaking subsidiary, has formally offered to take over the management of British Steel's Shotton works in North Wales on a contract basis. Page 11

● UNIONS representing 28,000 BBC staff have accepted a 15 per cent pay rise, about half the original claim, after being told a higher settlement would cost jobs. Page 12

COMPANIES

● DOBSON PARK Industries, the mine roof support engineer, has agreed terms for acquiring Wolf Electric Tools, the electric hand tools group, valuing the company at £14.2m. Page 27

● MUIRHEAD, the electrical devices and communications group, is omitting interim dividend as six-month taxable profits fell from £931,000 to £29,000. Page 20 and Lex, Back Page

● BROWN AND TAWSE, steel stockholding and engineering group, raised taxable profits by £350,000 to a record £4.16m for 1979. Page 21

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Austin (E.) & Sons	165	+ 45
Davies & Newman	122	+ 6
Dixon (D.)	118	+ 6
Forminster	128	+ 8
Grattan Warehouses	72	+ 8
Hambros	503	+ 6
Home Farm	89	+ 4
HK Land	112½	+ 5
Kitchen (R. Taylor)	146	+ 9
Marshalls (Halifax)	190	+ 10
Milford Docks	145	+ 7
Polymark	80	+ 6
Richards Ltd.	19	+ 2
Schroders	275	+ 15
Sketchley	254	+ 5
Aran Energy	468	+ 8
Cntrl. Pacific Min.	£33¼	+ 1¼
Esperanza Minerals	170	+ 10
Greenvale Mining	122	+ 10
International Mining	40	+ 7
Silvermines	152	+ 10
Swan Resources	82	+ 12

FALLS

Exchequer 3% 1981	£91¾	− ⅝
War Loan 3½%	£33¼	− ½
Brown & Tawse	133	− 5
Lucas Inds.	206	− 4
Lynton	201	− 9
Muirhead	120	− 16
Thorn-EMI	394	− 6
Berkeley Exploration	204	− 8
Charter Cons.	195	− 12
Cons. Gold Fields	490	− 8
Elandsrand	331	− 22
Free State Geduld	£22¾	− 1¼
North West Mining	78	− 5
Otter Exploration	86	− 6
Randfontein	£28¾	− 1½
Samantha Explortn.	144	− 8
Selection Trust	£11¼	− ½

Venice summit ends with 10-year plan to cut oil use

BY REGINALD DALE IN VENICE

THE SEVEN leading Western industrial powers yesterday adopted what they called a comprehensive energy strategy to reduce their use of oil over the next 10 years.

But they said there were no "quick or easy solutions to the world's economic problems." Beating inflation was the "immediate top priority."

The end of the two-day Venice economic summit left Western leaders in a mood described by Mr. Pierre Trudeau, the Canadian Prime Minister, as one of cautious optimism.

No dramatic new initiatives were taken. But the leaders of the U.S., Canada, Japan, West Germany, France, Britain and Italy seemed confident that the West was capable of surviving the twin threats of economic disorder and Soviet expansionism.

In a final communique, the seven called, rather half-heartedly, for a new dialogue on energy with the oil producers. But they held their fire on a new approach to the Third World's problems.

They will study proposals for resuming the so-called North-South dialogue with a view to concentrating on the issue at their next summit in Canada in 1981.

They said their economic message was clear. "The key to success in resolving the major economic challenges which the world faces is to achieve and maintain a balance between energy supply and demand at reasonable levels and at tolerable prices."

No further political moves were made after Sunday's special declaration calling for total Soviet withdrawal from Afghanistan. Senior U.S. officials stressed that the Afghan statement was enough to show that the West was united and had taken a decision of major strategic importance.

The partial Soviet troop withdrawal announced on the eve of the summit involved about 5,000 men of the 85,000 or more, U.S. officials said. They were mainly in missile and artillery units that were unsuitable for fighting guerrillas.

President Jimmy Carter's team attached great importance to the new energy targets. The seven said they would try to reduce oil's share of energy demand from 53 per cent to 40 per cent by 1990. The supply, and use, of energy other than oil could be increased by the equivalent of 15m-20m barrels a day in that time.

President Valery Giscard d'Estaing of France said the West had given itself ten years to break the link between economic growth and rising oil consumption.

The aim was to reduce the ratio between increases in collective energy consumption and economic growth to above 0.6 per cent by 1990, the communique said.

Mrs. Margaret Thatcher said there was now general agreement that nuclear power was the only way to fill the energy gap.

Other measures endorsed by the seven included doubling coal production, a general halt to new oil-fired power stations tax incentives, accelerating industry's substitution of oil, encouraging oil saving investment in residential and commercial buildings, and introducing "increasingly fuel efficient vehicles."

They said: "The demand of consumers and competition among manufacturers are already leading in this direction. We will accelerate this progress where appropriate, by arrangements or standards for improved automobile fuel efficiency, by gasoline pricing and taxation decisions, by research and deve-

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Text of communique Page 2 ● Editorial comment Page 18

Gold supplies may fall 40%

By David Marsh and Kenneth Marston

THE TOTAL gold supply coming on to western bullion markets this year may fall by nearly 40 per cent to the lowest since 1970, according to Consolidated Gold Fields, the London mining finance house.

In its annual survey of developments in the gold market the company says the expected drop in supplies is likely to be one factor behind a further gold price rise.

This has fluctuated between $850 and $470 per ounce this year, compared with only $226 at the end of 1978, and is currently just under $600.

The expected fall in supplies is largely a result of the halt in U.S. Treasury auctions at the end of last year and the ending of the International Monetary Fund's four-year programme of sales last month.

The U.S. Treasury is keeping open the option of resuming sales but these appear less likely now that the dollar has attained a measure of stability on the foreign exchanges.

Additionally, net sales to the West by the Communist bloc, mainly the Soviet Union, are likely to be sharply down this year, after falling well below 1979 levels during the first few months of 1980.

Mr. David Potts, Consolidated Gold Fields' gold analyst and survey author, said yesterday that total supplies from mining production, official sales and deliveries from the Communist bloc might fall to around 1,100 tonnes this year from 1,765 tonnes in 1979.

This would be the lowest volume to reach the market since 1970, when Gold Fields estimated net supplies at only 1,035 tonnes.

Communist bloc sales might fall to around 150 tonnes from 229 tonnes last year, itself was sharply lower than the 410 tonnes in 1978.

The company says there is increased evidence that gold is playing an increased part in international portfolio investment. It is becoming more widely held by institutional investors, and some developing country central banks seem to be building stocks.

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Details, Page 25
S. Africa silent, Page 4

£ in New York

—	June 20	Previous
Spot	$2.3325-3340	$2.3330-3340
1 month.	1.70-1.62 dis.	1.65-1.60 dis
3 months	4.39-4.29 dis.	4.25-4.20 dis
12 months	9.70-9.55 dis.	9.50-9.35 dis

Ford calls for 2,300 redundancies

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

REDUCED demand for cars in the major European markets has forced Ford UK to call for 2,300 volunteers for redundancy or early retirement. The company believes the fall in demand may go on for some considerable time.

The move provides another example of how the car industry recession is tightening its grip on Ford. Short-time working is already widespread or planned throughout its European plants.

The European operations are particularly important to Ford at the moment because it could lose up to $2.5bn on its North American automotive business this year.

Ford UK made taxable profits of £386m last year, paid a record £135m dividend and also made a £229m loan to its U.S. parent.

The plants involved in yesterday's call for voluntary job losses all supply components and sub-assemblies for Ford car factories throughout Europe.

Ford UK car assembly plants are continuing to work at reasonable levels because the group has reduced imports of built-up cars by half so as to supply the British market mainly from local factories.

The brunt of the voluntary job losses will be felt at Dagenham where the engine plant, foundry and forge between them have been asked to provide 1,300 volunteers. Ford maintained it did not wish to give a plant-by-plant breakdown of the job losses but it is known that 350 hourly-paid and 20 staff at the Swansea axle facility are affected, as are 68 at the Treforest, mid-Glamorgan spark-plug factory.

The other plants involved are Enfield, which makes instrument clusters, spark plugs and other equipment; Woolwich, engine components; Basildon, radiators, pumps and engine parts; Belfast, distributors and carburettors and the Leamington Foundry.

The exception among the Ford component plants is Halewood. But union representatives were informed yesterday that Halewood was not necessarily immune to job losses in the future. "We will be obliged to review our employment levels as long as the recession in the industry continues," Ford told them.

The company is asking employees over 55 years of age with at least 10 years service with Ford to volunteer for early retirement and for those with less than five years with the group to opt for redundancy at the affected plants. Both hourly paid and staff are involved.

● Talbot Cars of Coventry has been forced to introduce short-time working for about 2,500 employees from August because of continuing problems in Iran.

BL warning

BL COULD face the defection of half its 390 dealers in the U.S. during the next 12-18 months unless firm action is taken to reverse plunging sales, the chairman of the U.S. dealers' association warned yesterday. Page 11

Sharp drop in retail sales as inflation soars

BY PETER RIDDELL AND DAVID CHURCHILL

SPENDING IN the shops has fallen sharply in the last couple of months as consumers respond both to uncertainties about the impact of the recession and to the rapid rate of price inflation.

Trade Department figures published yesterday show the volume of retail sales dropped in May for the third month running.

The seasonally adjusted volume index is estimated at 101 (1976=100), compared with 102.3 in the previous month. It is about 2¼ per cent below the average volume of trade for the first three months of this year.

The figures confirm reports from the trade that demand began to drop sharply at about Easter after an unexpectedly strong first quarter. This has also been reflected in the fall in car registrations and in the big drop in industry's orders in the last couple of months.

The weakening demand has resulted in a rise in redundancies and a cut in hirings, which are expected to be reflected in the announcement this morning of a further increase in adult unemployment.

The sales figures were described yesterday as "very bad" by the Retail Consortium, the main trade association for retailers. Its gloom is shared by the rest of the trade.

Mr. David Johnson, chief executive of Rumbelows, the electrical goods chain, said retailers could be in for the "bleakest few months since the war."

The sharp drop in sales volume is attributed to the high rate of price inflation, the beginnings of a squeeze on real incomes for some groups, and caution caused by fears of rising unemployment. This has been highlighted by the further marked decline in consumer confidence indicated by yesterday's Financial Times survey.

Department stores have been particularly badly hit by the fall in sales, as well as by the decline in the number of foreign tourists.

The John Lewis Partnership reported that sales in its department stores in the week to June 14 were more than 36 per cent down on the corresponding week last year, although

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RETAIL SALES

		Volume, seasonally adjusted index, 1976=100	Value, unadjusted, percentage change compared with year earlier
1979	1st	100.8	+11
	2nd	106.4	+15
	3rd	99.7	+11
	4th	101.7	+14
1980	1st	103.2	+18
	Jan.	103.1	+18
	Feb.	103.9	+18
	March	102.6	+19
	April	102.3	+13
	May*	101	+12

* Provisional
Source: Dept. of Trade

Pao told to make £540m bid

BY PHILIP BOWRING IN LONDON AND RODNEY HOBSON IN HONG KONG

HONG KONG'S Committee on Take-overs has ruled that Sir Yue-kong Pao, the shipping magnate, must make a general offer for Hong Kong and Kowloon Wharf and Godown, the property, dock and hotel group.

This latest twist in the battle for control of the company follows Sir Yue-kong's HK$2.2bn (£191.5m) purchase of Wharf shares to raise his stake in the company from around 30 per cent to 49 per cent. A general offer could cost him an additional HK$6.2bn (£540m).

At an impromptu Press conference held late on Sunday in Hong Kong, Sir Yue-kong said that Wharf shareholders were being invited to offer to sell him 20m Wharf shares at HK$105 each.

The invitation was a response to an offer on Friday from Hongkong Land to buy, with shares and loan stock, some 33m shares for HK$ 100 each. However, Sir Yue-kong's offer was in cash and open for only two days. It led to a scramble to sell when the Hong Kong stock market opened yesterday and at noon Wardley, Sir Yue-kong's merchant bank, announced that over 20m shares had been offered and the invitation was closed.

This dramatic raid aroused acrimony. Wharf shares are currently suspended and some brokers questioned whether it was proper for Wardley to make the "invitation."

Secondly, there was unseemly confusion over key technicalities. Some brokers reported that they had first been given firm acceptances by Wardley, but were later told that their offers would be subject to allocations.

Several brokers reported that they were being asked to give assurances that they were not tendering shares owned by HK Land or members of its "camp." Meanwhile, hundreds of small shareholders besieged Wardley's offices trying to offer their shares.

Sir Yue-Kong said that he was acting "in order to protect the interest of myself and my

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U.S. Ford suppliers under pressure to cut prices

BY DAVID LASCELLES IN NEW YORK

FORD MOTOR, the number two American car manufacturer, has asked suppliers to cut their prices by 1½ per cent next month in expectation of making a loss of several hundred million dollars this year. The suppliers, already under pressure because of the slump in the motor industry, are not expected to take kindly to this request.

At the company's headquarters in Detroit yesterday Ford said that a letter had gone out to 1,600 suppliers, asking them to consider cutting their prices in the light of the industry's economic problems.

Ford said it had already received a number of replies, but that it was too early to gauge the general response. So far most of the replies were from smaller suppliers where the majority had agreed to the request but larger suppliers are still considering their reaction.

The big decline in car sales in the last six months, coupled with the financial problems of Chrysler, have already combined to make life extremely difficult for car suppliers.

The Chrysler Loan Guarantee Board is due to meet today to put the seal of approval to the Federal $1.5bn rescue package

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For latest Share Index 'phone 01-246 8026

Missiles still top Schmidt agenda

THE WEST GERMAN position on talks with Moscow about medium-range missiles apparently remains unchanged despite controversly last week. The missiles issue is to receive priority in the West German-Soviet meeting that begins next Monday, according to senior officials in Bonn.

Last week, President Jimmy Carter criticised Herr Schmidt's proposal that East-West negotiations should begin so that Moscow might freeze the number of its SS-20 missiles aimed at Western Europe in the period until new U.S. Pershing 2 and Cruise missiles are stationed in Europe.

Mr. Carter is said to feel this would undermine NATO's hard-won decisions last December to install the nuclear missiles by 1983. The meeting on Saturday in Venice between Chancellor Schmidt and President Carter was assumed, however, to have put an end to the row.

The West Germans stress that Herr Schmidt is not proposing a moratorium on Western missiles but that the time until the U.S. missiles become available should be used "optimally." They cannot understand why this irritates President Carter and emphasise that in Moscow Herr Schmidt will speak solely for West Germany on the matter.

Pravda, the Soviet party newspaper recently called on Bonn to reverse its decision to station the new nuclear missiles on its territory if it wanted to achieve military detente with the Soviet Union.

The West Germans say that the Soviet occupation of Afghanistan and its effect on detente in Europe will also play a large part in the meeting along with the Middle East situation.

They note, too, that the Soviet Union may want to know how Western revisions of the list of strategic goods which may not be exported to the Eastern bloc will affect West German-Soviet trade.

If the talks in Moscow go as well as the West Germans expect, Bonn believes that a meeting will take place soon between Herr Schmidt and Herr Erich Honecker, the East German President and Communist party leader.

Western leaders firmly committed to using less oil

BY RAY DAFTER, ENERGY EDITOR

THE SUMMIT leaders have taken a bold step towards further changing the direction of the West's energy balance. They have committed themselves to specific policies which should relieve the pressure on world oil supplies.

The communique shows that the seven nations have firmly committed themselves to the general oil consumption target set recently by the wider membership of the International Energy Agency (IEA). If the policies work, the seven nations (like the IEA) expect the oil element in their combined energy demand in 1990 to be cut from the present 53 per cent to 40 per cent.

The target represents a real challenge. It was only a few months ago that Exxon, the world's biggest energy corporation, was forecasting that the oil component might still represent 45 per cent of the overall energy supply in 10 years.

The leaders at the Venice summit were also more positive and specific in their commitment than they were when they met in Tokyo last year. This time, they have laid out the way in which oil savings will be achieved, albeit in generalised terms.

They have committed themselves to displacing some of their oil imports by developing coal resources and nuclear power. They hope this action, coupled with conservation, will provide the equivalent of 15m to 20m barrels a day of oil.

It is hoped that coal output and use by early 1990 will be twice the present level. But this assumes a growth rate in excess of some of the more realistic forecasts which emerged from a recent 16-nation World Coal Study. This project, centred on the Massachusetts Institute of Technology, concluded that it would take 20 years for the coal requirements of the main developed countries to double to 3bn tonnes a year. The growth rate here was regarded as "moderate."

If the summit leaders are to achieve their aim, they will quickly have to develop programmes, and influence public opinion, to allow a rapid expansion of coal-mining. Planning procedures, often influenced by environmental concerns, can contribute to a development lead time of up to 10 years for major new mining projects.

The leaders accepted that it would be necessary to improve infrastructure — transport and ports—of both the producers and consumers of coal.

Similarly, while mindful of the problems with the development of nuclear power, the senior ministers accepted that the "role of nuclear energy has to be increased."

But much of the growth envisaged in the communique will have to come from existing projects and those that are about to leave the drawing board. It can take up to 13 years for a nuclear project to pass through all its planning and development stages in the U.S., for instance.

Given the expected growth in coal and nuclear output, the seven industrial nations, which account for over 70 per cent of non-Communist world energy demand, have agreed to ban the construction of oil-fired electricity generating stations—"save in exceptional circumstances"—and to accelerate the conversion of oil-fired capacity to other fuels.

The seven nations represented at the summit consume 33m barrels a day of oil, well over two thirds of non-Communist world demand. The leaders said they were convinced that their proposals would reduce the demand for energy, particularly for oil, without hampering economic growth. What remained unsaid was their concern that oil shortages could arise again, and prices could take another leap forward at any time. These were the prime reasons behind the Venice decision.

$80 dinners for the latter-day Doges

By Rupert Cornwell in Venice

THE ECONOMIC problems of the world may have proved as intractable as ever for the mighty in Venice this weekend, but there have been some notable gestures of restraint by those appointed to serve them.

The dinner off which the seven latter-day Doges feasted at their banquet in the Ducal Palace on Sunday night had been put out to tender among the local catering élite. It was won by Arrigo Cipriani of Harry's Bar, at the relatively modest charge of $80 (£34) per head (compared with bids by the competition of up to $130).

The plates off which they ate were worth a good deal more. Given that no real Doge had been around in Venice for almost 200 years, the palace is these days pretty empty and the antique dinner service from which the assembled Heads of State munched their four-course meal had to be borrowed from a family of Venetian notables. It was worth an estimated $550 a piece.

Otherwise, life has been more or less as expected. President Jimmy Carter has been regularly doing his morning jogging (yesterday a reputed mile-each-way stint) from the Cipriani Hotel. After that, to breakfast at 7.30 am with 12 monks from the Benedictine Monastery, which forms part of the Cini Foundation Complex on the neighbouring island of San Giorgio Maggiore, where the summit conference is being held.

Not surprisingly, the real star of the two summits has been the City of Venice itself, as usual effortlessly upstaging the most illustrious of visitors. The city has also benefited. The Japanese have promised to provide money to finance improvements to Venice's Museum of Oriental Art.

This morning, the summit will be over and the city, with undisguised relief, will be clearing up the debris, to get back to as normal a life as is possible in Venice.

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Economic fortunes dependent on solving energy problem

BY RUPERT CORNWELL

THE WORLD can only succeed in surmounting the present economic challenge by dealing with the energy problem, and "by achieving a balance between supply and demand at reasonable levels and prices."

The leaders of the West's seven biggest industrial powers declared last night that successive large increases in the oil price, bearing no relation to market conditions had forced inflation even higher and threatened an imminent severe recession and unemployment in industrialised countries.

"At the same time," noted the declaration issued after this weekend's economic summit here, "they have undermined, and in some cases virtually destroyed, the prospects for growth in the developing countries."

The industrialised countries of the free world, OPEC, and the non-oil developing countries depended upon each other and could only overcome obstacles to development by working together.

INFLATION: The seven declared that their immediate priority was to reduce inflation. "Determined fiscal and monetary restraint is needed to break inflationary expectations. We must . . . guard against the threat of growing unemployment and world-wide recession."

The declaration committed the seven to encourage investment and innovation to boost productivity, to promote a shift of resources from declining into expanding sectors to provide new jobs, and to foster the most effective use of resources.

The measures required might be economically and politically difficult in the short term, but were essential for sustained non-inflationary growth.

ENERGY: The leaders promised to break the link between economic growth and oil consumption in this decade. "This requires conserving oil and increasing production and use of alternative energy sources." Maximum reliance should be placed on the price mechanism, and domestic prices for oil should take into account representative world prices.

Market forces, said the declaration, should be supplemented where necessary by effective fiscal incentives (for investment) and administrative measures.

Conservation strategy should include:

- No new oil-fired generating capacity should be constructed, save in exceptional circumstances. Conversion of oil-fired capacity to other fuels should be accelerated.
- An increase in efforts, including fiscal incentives, to step up the substitution of oil in industry.
- Measures to encourage oil saving investments in residential and commercial buildings.
- The introduction of increasingly fuel-efficient vehicles.

Fuels, other than oil, will increasingly meet the energy needs of future economic growth, according to the seven leaders. Potential to increase the supply and use of non-oil energy over the next decade is estimated at the equivalent of 15m to 20m barrels a day, centred in the medium-term on a large boost in the use of coal and "enhanced" use of nuclear power.

Underlining the vital contribution of nuclear power, the declaration noted that nuclear generating capacity would have to be expanded, but promised the highest priority to ensuring the health and safety of the public.

The declaration noted that the increase in oil prices since 1978 has more than doubled the oil bill of developing countries, to over $50bn (£21.4bn).

"This will drive them into ever-increasing indebtedness and put at risk the whole basis of their economic growth and social progress, unless something can be done to help them."

A major international effort to help these countries increase energy output was needed, and the seven formally asked the World Bank to examine the possibility of a new affiliate or facility to increase lending for energy assistance.

MONETARY PROBLEMS: The declaration emphasised that the international capital market should continue to play the primary role in rechannelling surplus oil funds "on the basis of sound lending standards."

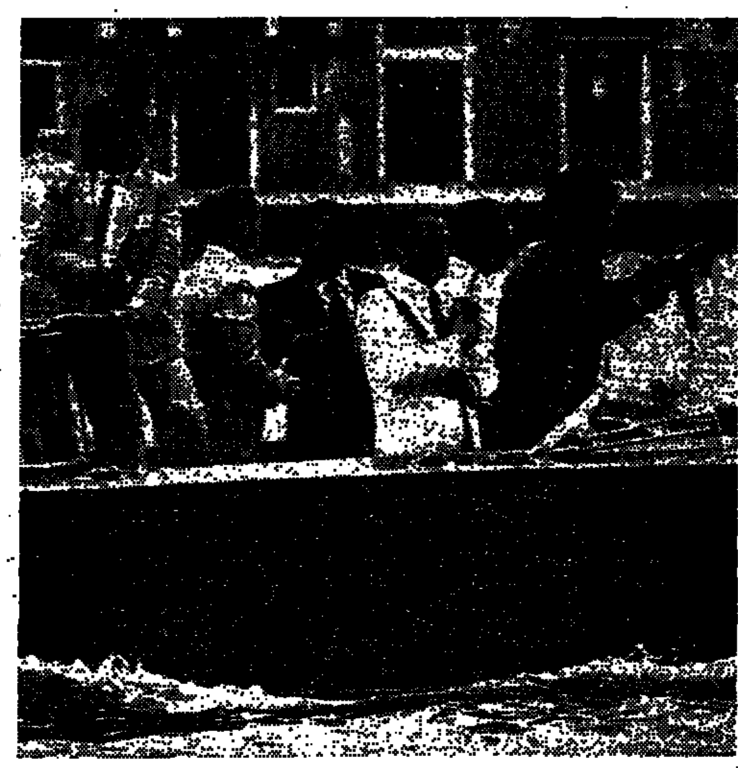
Private lending would need to be backed by an expanded role for international institutions, especially the International Monetary Fund. "We encourage the IMF to seek ways to make it more attractive for countries with financing problems to use its resources."

"In particular, we support the IMF's examination of ways to reduce charges on credits to low - income developing countries." OPEC nations were urged to increase their direct lending to countries with financial problems, thus reducing the strain on other recycling mechanisms.

TRADE.—The seven promised to resist pressures for protectionist action and reaffirmed their determination to avoid a harmful export credit race.

They committed themselves to work to strengthen the International Arrangement on Export Credits, to reach an agreed solution covering all aspects of the arrangement by December 1.

Meanwhile, the governments would work in the United Nations for an agreement to prohibit illicit payments to foreign government officials in business transactions. "If that effort falters, we will seek to conclude an agreement among our countries, but open to all, with the same objectives."



Mr. Carter and Mr. Trudeau arrive for a brief private meeting (right) while a boatload of armed security men accompanies Mrs. Carter and her daughter on a tour of Venice.

Rome killing marks revival of political violence in Italy

BY OUR ROME STAFF

TERRORISTS SHOT dead a leading Rome magistrate yesterday in a revival of political violence which was interrupted briefly by the Italian regional elections earlier this month. Sig. Mario Amato, the magistrate, was shot by two people as he was waiting for a bus in Rome yesterday morning.

Sig. Amato had been involved recently in a series of big anti-terrorist investigations, including the bombings of the Rome Town Hall, the Ministry of Foreign Affairs building and Rome's Regina Coeli prison last year.

In separate telephone calls to Italian newspapers, callers claimed the killing for both the far-right "Nuclei Armati Rivoluzionari" (or Armed Revolutionary Nuclei) and the far-left Red Brigades. Police said they tended to believe that the former was responsible because Sig. Amato was one of the most active investigators of right-wing terrorist groups.

This latest outburst of political violence again coincides with renewed political tension in Italy following Parliament's decision to interrogate Sig. Francesco Cossiga, the Prime Minister, about his alleged role in helping the flight of a suspected terrorist. The man, Sig. Marco Donat Cattin, is the son of Italy's most influential Christian Democrat politicians, Sig. Carlo Donat Cattin.

The Prime Minister has denied any suggestion that he helped Sig. Marco Donat Cattin escape by telling his father his son was wanted by police. But the affair is already having major political repercussions. Sig. Cossiga is expected to answer questions in Parliament about the affair next month.

● Sig. Umberto Agnelli, chief executive of Fiat, has called for a prompt devaluation of the lira to enable big industry to compete *properly on* foreign markets. Italian industry is losing competitiveness and Fiat, specifically is losing ground to its main *competitors in some of* its traditional markets in Western Europe.

Police on alert as Basque bomb deadline expires

BY ROBERT GRAHAM IN MADRID

THE DEADLINE set by ETA, *the militant Basque separatist* organisation, for the start of a bombing campaign throughout Spain's coastal resorts, expired yesterday without incident. But security forces and bomb disposal experts remained on full alert.

On Sunday, ETA's political-*military wing, said it would* begin a systematic bombing campaign from mid-day yesterday unless the Government met three demands.

These were the immediate freeing of 18 people detained for alleged ETA activities; the dismissal of the head of Soria *Prison in northern Spain where* many Basque prisoners are being held and the scene of frequent disturbances; and the fixing within two months of a timetable for the incorporation of the province of Navarre into the autonomous Basque region. Navarre is the fourth Basque province. But, for historical *reasons, it was not directly* included in last autumn's Basque autonomy statute.

ETA's political military wing issued similar demands last summer before opening a bombing campaign of Spanish beaches. Two tourists were injured in 14 incidents at coastal *resorts. The campaign culminated* in explosions at Madrid Airport, and the city's railway station, causing seven deaths and over 100 injuries.

Unlike ETA's hardline military grouping, the political-military wing has sought to avoid assassination and the in*cident in Madrid rebounded* against it. It was persuaded to end its campaign of terror after contacts conducted through third parties, and subsequently it admitted it had made a mistake. However, it blamed the deaths on slow action by the police

Turks seek easier terms from banks

By David Tonge

TURKEY IS to ask Western banks to ease the terms under which they rescheduled \$2.9bn of Turkish debt last year, according to Mr. Turgut Ozal, the Under Secretary to the Prime Minister responsible for co-ordinating economic policy.

The banks say they will resist strongly any such move and that the ink is only just dry *on last year's agreements.*

But, announcing his plans in an interview in London yesterday, Mr. Ozal said: "The banks have their responsibilities. They have made their profits from Turkey and developing countries and will continue to do so. But they must play their part in dealing with the problems of the world economy."

Last year the banks had rescheduled the debt and lent *Turkey \$407m of fresh money* over seven years at the large spread of 1¼ per cent over LIBOR.

Mr. Ozol said that the request would be put to the banks after Turkey completes its negotiations with members of the OECD over rescheduling *up to \$3bn of official* and State-guaranteed debt.

Last week members of the OECD who had met in Paris to tackle Turkey's debt failed to conclude negotiations in three days of talks. A further meeting is to be held next month, probably on July 8 and 9.

The shape of the package that is emerging is that debt falling due in the next three years could be rolled over for about 10 years. The cash quota which Turkey would be required to put up is likely to be about 10 per cent of the rescheduled debt.

All these terms represent a significant improvement on the reschedulings in 1978 and 1979 when one year's debt was rolled over for seven years, with a 20 per cent cash quota demanded.

One major sticking point last week was Turkey's request that part of the \$2.3bn official debt rescheduled in the past two years should again be rolled over. West Germany was in favour but the U.S. and France objected to this break with normal OECD practice.

CHRISTIAN SOCIAL UNION MEETS IN MUNICH

Strauss personality puts policies in shade

BY JONATHAN CARR IN MUNICH

THE 1,000 delegates of the Bavarian Christian Social Union (CSU) were stunned. One moment they were eagerly awaiting a speech by their leader, Herr Franz Josef Strauss; the next, the Munich *Bayernhalle* where they were holding their party congress was plunged into darkness. Was it a power failure — or a plot by Left-wing political opponents?

It was, in fact, a surprise showing of a colour film intended by the party leadership to expose what was called "The Legend of Helmut Schmidt." For half an hour, Herr Schmidt, the West German Chancellor, was shown as one who broke promises, drove the State into ever-greater debt, underestimated soviet power, and who was unworthy of re-election as Chancellor in the *October 5 general election.*

The film ended with pictures of a confident-looking Herr Strauss on two separate screens.

Herr Strauss, who is the combined opposition's candidate to replace Herr Schmidt as Chancellor, has spoken out against a cult of personality in politics. He says his supporters are drawn to him by the policies he advocates, not simply because they desire a strong *leader of the Right. But of the* four major party congresses held recently in preparation for the election campaign, that of the CSU last weekend was the one most dominated by a single individual.

On arrival, journalists were presented with a book on Herr Strauss "from A to Z." A 50-page booklet called "Facts Instead of Lies" was also available, contesting criticism of Herr Strauss over the years. Pictures of Herr Strauss were everywhere. Even ball-point pens bearing the blue and white Bavarian colours were embellished with Herr Strauss's signature.

Whether dazzling delegates *with his two-hour speech which* followed the film about Herr Schmidt, or clinking beer mugs with aides at an evening get-together, Herr Strauss was the star attraction. The smooth course of the plenary sessions was disturbed neither by debate of policy motions nor by interventions from the floor. Officials explained that the CSU programme had long since been thrashed out. Now was the time to show solidarity.

There were so many smiles and handshakes on the platform that it was hard to recall that there has been a long history of friction between the CDU and *the right-leaning* Herr Strauss. Much of that ill-feeling seems to have been buried since Herr Strauss selected a campaign team which includes those to the centre or even centre-left of the CDU.

Opinion polls put Schmidt ahead

ALL SEVEN leading West German opinion research institutes believe that the present government coalition of Social Democrats (SPD) and Liberal Free Democrats (FDP) under Chancellor Helmut Schmidt is heading *for victory in October's* general election. In an interview published yesterday in the magazine Der Spiegel, representatives of the insti*tutes warn against assuming* that nothing can happen between now and October to disturb the SPD-FDP lead. However, they believe that on present evidence the opposition CDU-CSU under Herr *Franz Josef Strauss* (right), may lose by a greater margin than it did under Dr. Helmut Kohl in 1976.

At the CSU congress only Dr. Ernst Albrecht, the CDU *Prime Minister of Lower Saxony* and a former rival to Herr Strauss to lead the Union parties into the election, struck a jarring note. He proposed that after the October poll, the Union should decide on a smoother method of jointly choosing a Chancellor-candidate. This comment clearly struck many CSU delegates as misplaced. Why start talking about that topic, it was felt, when Herr Strauss was going *to become Chancellor in any* case?

It was evidently in the cause of solidarity that leaders of the Christian Democratic Union *(CDU) — the* CSU's "big brother" party which exists throughout the country except in Bavaria—were present at the congress in force. Dr. Helmut Kohl, the CDU national chairman, as well as the Prime Ministers of the five Laender (provincial states) with CDU governments, all publicly pledged their full support to Herr Strauss in the common aim to unseat the Bonn coalition.

One answer is that polls by all seven major West German public opinion research institutes at present indicate Herr Strauss will lose. If that happens, then the Union parties may be looking for a new candidate for the 1984 campaign, and Dr. Albrecht is probably the front runner.

But the CSU will hear none of this. Of a dozen or so delegates questioned at random, only two were ready to suggest that Herr Strauss had simply "a good chance" to win. The rest seemed sure he would do so.

One reason for this confidence is that, under Herr Strauss, the CSU on its home ground has been outstandingly successful. At the last general election in 1976 the party captured 60 per cent of the Bavarian vote, which was equivalent to 10.6 per cent of the entire West German vote.

Nor has the CSU achieved its powerful position simply by scooping up the farm vote, as some of its opponents suggest. The party has constantly increased its support in Bavaria, while the number of those engaged in agriculture has declined. The secret of success, it is said, is hard work, the will to win—and, of course, the leadership of Franz Josef Strauss. It is simple as that.

French social security warning

BY TERRY DODSWORTH IN PARIS

THE FRENCH social security system could be running up a heavy deficit again at the end of next year despite the Government's recent and successful efforts to haul it back into balance. This view of the system's uncertain finances comes from a specially appointed committee which has been looking into the accounts. The committee concludes that there was a *slight* net deficit in the order of FFr 300m (£31m) last year, and that it should run up a surplus in the order of FFr 8.4bn (£875m) in 1980. But on present trends the deficit is expected to shoot up again to FFr 3.8bn (£395m) next year.

This figure is well below the FFr 10.8bn (£1.12bn) deficit of 1978 which forced the Government into a painful reorganisation last summer. Nevertheless, it raises a serious question mark over the *authorities* ability to suppress certain special payments designed as a temporary measure to tide the fund over a difficult period.

This special levy was made by raising by 1 per cent all social security contributions from wage and salary earners (industry was excluded). The Government promised, however, that it would get rid of the levy at the beginning of 1981.

Given the Government's promises to halt the gradual increase of personal taxation and social security payments, it will clearly be keen to drop the special levy as promised. The committee also adds a warning on this score, stating that a steady growth in demands for *funds to finance social payments* would undermine public confidence in the system.

But, in order to keep the tentative balance in the *books* achieved last year, the committee makes it clear that medical costs in particular need to be kept under tight control.

There are some hopes that a lasting improvement will be achieved in this sector. Whereas costs of the national health service were rising at an annual rate of 20 per cent at the time the Government took its measures last summer, the annual rate of growth had been reduced to about 16 per cent by the end of last year, and 14 per cent by the end of April.

EEC unemployment falls in May but trend gloomy

BY GILES MERRITT IN BRUSSELS

THE LATEST unemployment figures for the whole of the EEC released in Brussels show that the number of those out of work *in the Community fell in May* to its lowest level in six months. Registered unemployed totalled 6.08m last month, against a round 6.5m during the early months of this year. As a proportion of the total working population, unemployment stood at 5.6 per cent, against the high of 6.1 per cent of January 1980.

But although the unadjusted figures supplied to Brussels by member governments show a heartening improvement in employment, with the jobless rate dropping steadily by 0.1 per cent every month since last January, the seasonally adjusted graph *published told* a different story. As part of a general pattern that has seen EEC unemployment grow from *just over* 5.2m in early 1976, the past six months have produced a sharp acceleration, taking the total from around 6m to approaching 6.5m.

The three member countries with the most marked decreases in registered unemployed in May were Luxembourg (down 12.8 per cent), Denmark (down 8.1 per cent) and West Germany (down 7.1 per cent). Britain showed the slightest of changes with a drop in unemployment of just 0.9 per cent, while the Netherlands and Ireland both recorded a 1.6 per cent growth in those out of work.

OVERSEAS NEWS

'10,000 Russian troops quitting Afghanistan'

MOSCOW—Moscow Radio, quoting the Afghan Government, yesterday said one division of Soviet troops and 108 tanks were leaving Afghanistan for home under the Kremlin's limited military pull-out, Reuter reports.

The announcement, on the radio's overseas English-language broadcast, indicated the Kremlin was withdrawing 10,000 men from the country, which Soviet troops entered last December.

The Afghan Information Ministry in Kabul was quoted by the radio as saying the troops were proceeding along the 310-mile road to the Soviet border via the Salang Pass.

K. K. Sharma reports from New Delhi: If the wathdrawal has actually taken place, it is the first since the Soviet invasion last December. But there is widespread scepticism among Western diplomatic observers and regional analysts in New Delhi.

The analysts point out that for the past fortnight there have been heavy reinforcements of Russian troops in Afghanistan. They mention increased air activity, especially the landing of transport troop carrier planes in Kabul.

The much-publicised withdrawal is probably just a show timed to coincide with the meeting of the committee formed by the Islamic conference at Geneva, which has declared support for the intensification of the insurgency against the Karmel régime.

It is also believed to be intended to placate such countries as India which last week expressed open scepticism over Russian intentions to withdraw from Afghanistan.

If so, the move has been partially successful, since Indian officials have welcomed the decision to begin withdrawal of troops although further details are awaited before an official statement is made.

Observers here point out that insurgency in Afghanistan is becoming more effective and the rebels appear to be acquiring new and modern arms. They arealso learning to attack convoys and bring down Russian helicopter gunships

In face of this intensified activity, the Russians would need more troops to deal with the situation rather than withdraw them. Hence the conclusion is inescapable that the announcement is politically-motivated and is being used for propaganda purposes.

The Russians have never announced the number of their troops in Afghanistan but Western observers have estimated them at between 85,000 and 100,000. It is known that troops have been rotated and many contingents from Central Russia are being replaced by those from the eastern provinces. It is possible, therefore, that the "withdrawal" is just part of the rotation.

Charles Smith, Far East Editor in Tokyo, looks at the struggle for the leadership of the LDP.

Wanted: someone to celebrate a triumph

THE TRIUMPH of Japan's Liberal Democratic Party (LDP) in last Sunday's election, when the party emerged with its biggest Lower House majority since 1969, leaves open the question of who will lead the party and become Prime Minister. Japan's last Prime Minister, Mr. Masayoshi Ohira, died half-way through the election campaign, removing, according to some analysts, the Opposition's main target, and improving the LDP's showing. He left no heir. Indeed, it is almost impossible to decide which of three probable candidates for the leadership has the best chance of succeeding Mr. Ohira.

The men concerned include two, Mr. Yasuhiro Nakasone and Mr. Toshio Komoto, who have made clear their candidacies, and one, Mr. Kiichi Miyazawa, who has not, but who might be called upon to serve if pressed. The reason why Mr. Miyazawa has a chance, despite his reticence, is that there are serious objections to each of the other two.

THE PARTIES

Liberal Democratic Party (LDP)	284	(258)
Japan Socialist Party (JSP)	107	(107)
Komeito (Clean Government Party)	33	(58)
Japan Communist Party (JCP)	29	(41)
Democratic Socialist Party (DSP)	32	(36)
New Liberal Club (NLC)	12	(4)
United Socialist Democratic Party (USD)	3	(2)
Independents	11	(4)
Vacancies	0	(1)
TOTAL	511	511

Figures in brackets show party strengths at the dissolution of Parliament.

THE LDP FACTIONS

Tanaka 56 · Ohira 55 · Nakasone 44 · Fukuda 49 · Miki 33 · Nakagawa 10

The LDP is split into six main factions: the "mainstream" factions, led by Mr. Kakuei Tanaka (with 56 adherents) and the late Mr. Masayoshi Ohira (55); and the "anti-mainstream" groups, led by Mr. Takeo Fukuda (49), Mr. Takeo Miki (33), and Mr. Ichiro Nakasawa (10). Mr. Yasuhiro Nakasone leads a faction (44) whose position is unclear. There are 37 uncommitted LDP Members of Parliament.

Distrusted by other party members

Mr. Nakasone, 62, leads the fourth-largest major factional grouping in the Liberal Democratic Party, and is the only leader of a big faction whose hat is in the ring. But he is widely distrusted by other party members, not least for his wheeling and dealing during the various intra-party confrontations of the past few years.

Until early this year, the Nakasone faction was considered to be one of the "anti-mainstream" factions which opposed the leadership of the late Mr. Ohira. The faction changed sides—or attempted to do so—when Mr. Nakasone failed to join other anti-mainstream leaders in a walk-out during the crucial no-confidence vote which led to the downfall of Mr. Ohira's Cabinet in May. By not taking part in the walk-out, Mr. Nakasone lost any prospect of becoming the candidate for party leadership of the anti-mainstream groups seeking to overthrow Mr. Ohira. Whether he has been accepted as a *bona fide* member of the "mainstream" group is a different question.

Mr. Nakasone's chief rival, Mr. Komoto, 69, has been regarded up to now as the No. 2 man in one of the leading anti-mainstream groups, the one led by Mr. Takeo Miki, an ex-Prime Minister. He is widely liked and trusted elsewhere in the party, and is also supported by the business world. He is, in fact, an ex-businessman. However, his factional affiliation will certainly tell against him if the present clear alignment of mainstream and anti-mainstream factions continues in existence until a new Prime Minister is chosen.

Mr. Komoto's best chance of gaining the leadership is, therefore, to play down his factional affiliations. He has done this by making the sweeping suggestion that the factions should be abolished altogether, so that candidates can be selected on their merits.

If Mr. Komoto fails to pull off his faction-dissolving gambit, and if the "mainstream" group decides it cannot stomach Mr. Nakasone, the chances are that Mr. Miyazawa will be called on to take over the leadership. Aged 62, and a member of the Ohira faction, Mr. Miyazawa is by far the most sophisticated and international of the three leadership "possibles." He is known for his fluent and articulate English, and for his economic expertise. He is a man whom most foreigners familiar with Japaan would be happy to see as leader but who, because of his international image, might not necessarily appeal to Liberal Democratic Party faithfuls.

An ironic feature of the race for the party leadership is that the issue may be settled by a man no longer a member of the party: Mr. Kakuei Tanaka, another ex-Prime Minister, left the LDP to become an independent member of the Diet (Parliament) in 1976, the first election after he had been embroiled in the Lockheed bribery affair, but is still *de facto* leader of the Tanaka faction, the party's largest, and a pillar of the "mainstream" group. With the Ohira faction leaderless, Mr. Tanaka may well have to decide whether the mainstream alliance should accept Mr. Nakasone as its candidate, or go for one of the other two options. His position has become even more crucial since the surprise electoral defeat of the veteran Mr. Eiichi Nishimura, Mr. Tanaka's former right-hand man within the LDP.

Leadership decision

The leadership question is expected to be settled by the week of July 17 to 24, when the Diet will probably be convened for its first post-election session. The man who gets the job will formally be chosen to do no more than serve out the remaining five months of Mr. Ohira's unexpired two-year term as leader.

In reality he will probably steer the party—and Japan—through at least the next two years.

The LDP's new-found strength could make these eventfuly ears, at least in terms of legislation, since the party now controls all the major Lower House committees, instead of barely maintaining a majority. Whether the Liberal Democrats will be harmonious in terms of party unity is another question, and a much more dubious one.

Shooting reaches Bethlehem

By David Lennon in Tel Aviv

THE USUALLY quiet Christian town of Bethlehem on the Israeli-occupied West Bank was tense and angry, following the death yesterday of a young Palestinian girl student, who had been injured fiv edays ago by bullets fired by Israeli troops.

Part of the town is under curfew, following a revenge shooting over the weekend, presumably by a local Palestinian, which seriously wounded an Israeli soldier.

These incidents mark a sharp deterioration in the security situation in Bethlehem, which, as a tourist and pilgrim centre, has in the past been one of the quietest towns under the occupation.

The dead girl, Miss Tagrid al Batmeh, whose age was variously given as between 19 and 22, was a second-year student at Bethlehem University. She was hit on Thursday while walking towards the University. The army spokesman in Tel Aviv said that the bullets which caused her injury had been accidentally discharged from the gun of a passing military jeep.

Bethlehem University, a Catholic college, closed yesterday in sympathy and protest over the killing. In the past, college students have complained about harassment by the Israeli occupation forces. Despite the Israeli claim that the shooting was accidental, the general belief on campus is that this action is part of the Israeli "strong arm" policy aimed at intimidating the local Palestinian population

Mr. Elias Freij, the mayor of Bethlehem, said yesterday that the fact the girl student had died from her wounds would deepen the polarisation between Israelis and Palestinians. "The cycle of violence will hurt everybody," he said. The mayor, a moderate among the mainly radical nationalist West Bank leadership, said that he hoped the curfew imposed on the business centre of the town on Saturday, following the shooting of the soldier, would be lifted soon.

Vietnam troops launch attack into Thailand

BANGKOK — Vietnamese forces supported by artillery drove across the frontier into Thailand yesterday, overrunning one village, shelling others and sending up to 100,000 Kampuchean refugees fleeing in panic, Thai officers on the border reported

More than 30 Thai soldiers were killed and another 100 were wounded in the sharp clashes that began shortly after midnight on Sunday. Casualties among the Kampucheans, of whom 200,000 are strung out in camps along the border, were thought to be heavy.

An Associated Press correspondent reported from the scene of the fighting that Vietnamese troops overran a Kampuchean border encampment at Noon Mark Noon, then entered a Thai village of the same name nearby, burning a few houses but apparently not harming the villagers who had remained behind.

Fighting was reported to be continuing, with the Thai army on full alert along the length of the border. The incursion occurs just two days before foreign ministers of the Association of South-East Asian Nations (ASEAN) meet in Kuala Lumpur to discuss the problem of Kampuchea.

Vietnamese artillery shelled at least three other Thai villages and 20,000 Thais had been evacuated from five border villages, the AP correspondent reported.

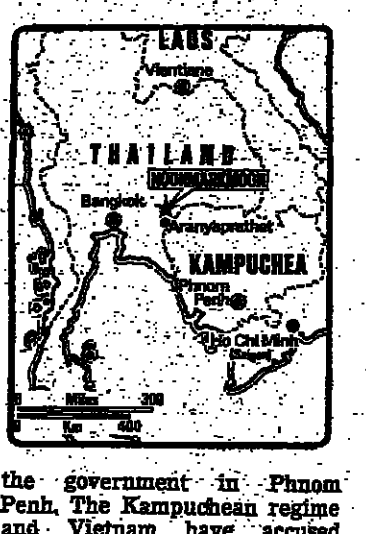
All foreign relief workers at the border were also being evacuated although there were no immediate plans to have them leave the sprawling camp at Khao I Dang, 12 kilometres from the border.

The camp houses some 130,000 refugees who had entered Thailand rather than remain in a no-man's land along the border. This no-man's land appears to have been the main target of the Vietnamese attack.

"The situation appears to be getting out of hand," a Western aid official in Bangkok said of the exodus of Kampucheans from the border.

The fighting and shelling was concentrated on a 60-kilometer stretch of the border north of Aranyaprathet, 225 kilometres east of Bangkok. Roads leading northwards from the border town were closed to civilian traffic.

Some 200,000 Vietnamese are inside Kampuchea to prop up



the government in Phnom Penh. The Kampuchean regime and Vietnam have accused Thailand of supporting the Khmer Rouge guerrillas of the ousted Kampuchean Premier, Pol Pot, and recently of repatriating Pol Pot guerrillas in the guise of refugees.—AP

Tony Walkers adds from Peking: China, anxious about diminishing support for the Khmer Rouge, has called in foreign ambassadors to repeat its strong backing for the forces of Pol Pot. Among the Ambassadors summoned by the Chinese Foreign Ministry at the weekend were those of the United States, Australia, Japan, Thailand, Malaysia and New Zealand.

The Chinese clearly summoned representatives of the only two ASEAN countries represented in Peking, along with those of Australia, New Zealand and Japan to make sure Peking's message was carried to the ASEAN foreign ministers' conference.

The Chinese diplomatic moves may also have the longer-term aim of persuading countries of the region and America not to drop recognition of the Khmer Rouge at the UN.

S. Africa silent on gold moves

BY BERNARD SIMON IN JOHANNESBURG

THE SOUTH African Reserve Bank, which is responsible for South Africa's bullion sales, was yesterday unwilling to confirm reports that the country may withhold up to 1m oz of newly-mined gold from the world market, but confirmed it was implementing a flexible sales policy. The reports began circulating last week.

It is no secret that Pretoria has been withholding some gold. In March, Mr. Owen Horwood, Minister of Finance, confirmed that South Africa's sturdy balance of payments had allowed it to adopt a more flexible marketing policy for its most important export.

As a result, the Reserve Bank has been able to hold back a portion of current output when the market is weak, although it insists it has no intention of "manipulating" the market. One senior bank official said recently that not a day has passed without at least some sales.

Sizeable quantities have, however, been withheld. Judging by monthly foreign reserves figures, the Reserve Bank's gold holdings have moved up from 9.6m oz last September to 11.3m oz at the end of May.

Some of the increase may be due to repurchases of gold pledged to Swiss banks under various "swap" arrangements in 1976 and 1977. These transactions involved some 8m oz of gold pledged to the banks in exchange for foreign currency. The South Africans have the right to repurchase the gold.

Predictions of future sales levels are impossible without a guide to the course of the gold market and South Africa's balance of payments. "If it's a flexible policy, you can't know in advance what you're going to do," a reserve bank spokesman commented. "We take all market forces into account."

Another uncertainty is the amount of "swap" gold which Pretoria decides to buy back from the Swiss banks. About half of the 8m oz pledged have been repurchased in the past year. Most has been resold into the open market, with the result that South Africa last year sold considerably more gold than the 703 tonnes it produced.

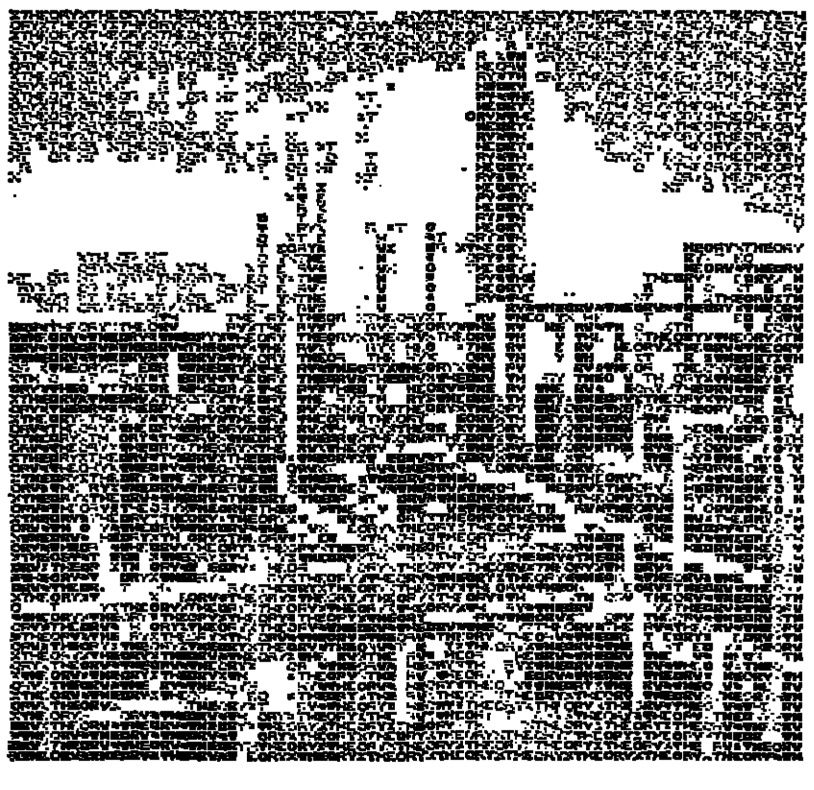
Sales of "swap" gold have brought handsome profits to the Treasury. Te swaps were concluded at prices between $100 and $150 an ounce. The buy-back price reflects only interest charges and is therefore well below ruling market prices.

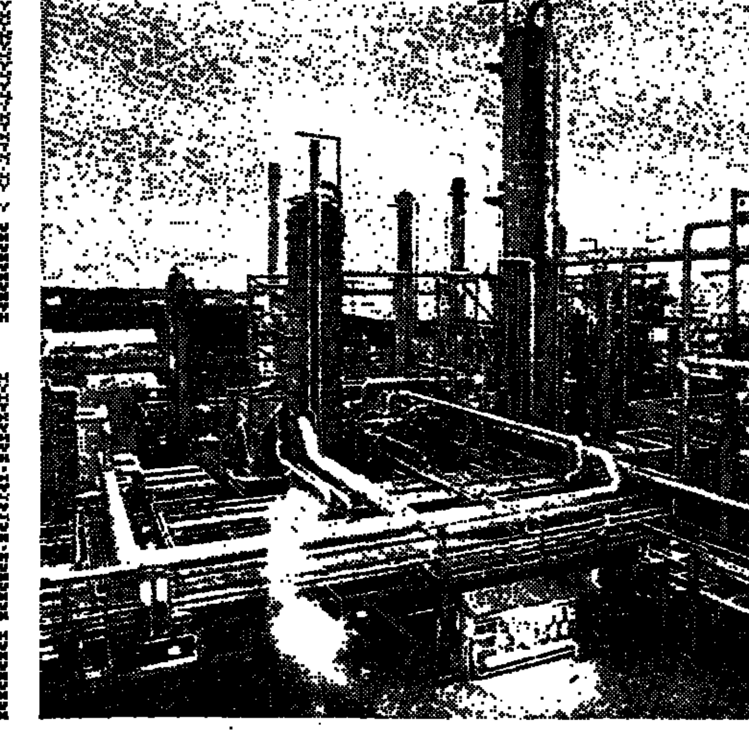
Mindful that prices can go down as well as up, the seven major mining houses have been examining ways of ensuring that their future earnings do not plummet low enough to put their operations in jeopardy.

One way would be to sell at least a portion of their production forward on futures markets and the Reserve Bank has given the mines permission to do this.

But the mining houses are still not sure that hedging is the answer. "The mines are carefully considering various proposals, including the advantages and disadvantages of using futures markets," one mining industry official said this week.

Among the alternatives to hedging being considered are further "swap" arrangements, negotiated in such a way that the mines, rather than the Treasury, would be the main beneficiaries.





Ford voices concern at Reagan advisers

By Jurek Martin, U.S. Editor, in Washington

FORMER President Gerald Ford said yesterday that he was "a little apprehensive" about the foreign policy advice currently being given to Mr. Ronald Reagan, the Republican Party's likely Presidential candidate.

In an interview with the Wall Street Journal in which he was generally approving of Mr. Reagan's candidacy and critical of President Jimmy Carter's record, Mr. Ford suggested that "there has to be some balancing" in Mr. Reagan's foreign policy establishment.

He implied that he had been as concerned about the economic policy advice Mr. Reagan had previously been receiving, but that the addition of experienced men like Mr. George Shultz, former Treasury Secretary, Mr. Alan Greenspan, chairman of the Council of Economic Advisers under Mr. Ford, and Dr. Arthur Burns, the former chairman of the Federal Reserve Board, had provided the necessary contrast to Professor Milton Friedman and Mr. Arthur Laffer, who are associated with the more doctrinaire conservative wing of the party.

If Mr. Ford had his way, there is little doubt that Dr. Henry Kissinger, the former National Security Adviser and Secretary of State, would be added to the Reagan foreign policy stable in some formal capacity. But Mr. Reagan has been so critical of Dr. Kissinger over the years, especially in the latter's pursuit of the policy of detente with the Soviet Union, that such an accommodation appears unlikely.

Mr. Ford used the interview to urge Mr. Reagan to continue to try to broaden the appeal of the Republican Party. He said that his previous criticism of the man he beat for the nomination four years ago—that he was too extreme to be elected—was "water over the dam."

But, as in the foreign and domestic policy fields, he suggested that the choice of a Vice-Presidential running mate was very important, both in unifying the factions inside the party and in providing experience to the ticket, preferably derived from the Washington arena.

Mr. Ford also repeated his view that Mr. John Anderson's independent candidacy, which is still theoretically in the exploratory stage but which, according to many polls, is attracting the support of as much as 20 per cent of the population, could ensure that the next President will be chosen not by the public on November 4, but by the House of Representatives early next year.

Glyn Genin
Dr. Arthur Burns

Burns heads new inflation group

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

A NEW, prestigious "committee to fight inflation" under the leadership of Dr. Arthur Burns, former chairman of the Federal Reserve Board, was born in Washington yesterday.

Its seven-point programme runs the full gamut of generally, though not exclusively, conservative economic policies, including proposals that it would make it more difficult for the Government to run a budget deficit, a five- to seven-year schedule of progressively larger tax cuts for business, reaffirmation of the need for *continued restrictive monetary* approach, the free market approach to energy pricing, and the dismantling of such Government regulation as impedes productivity and free trade.

Although operated out of the conservative American Enterprise Institute, where Dr. Burns is a visiting Fellow, the committee does have a genuinely bipartisan composition and Dr. Burns was joined at the inaugural Press conference yesterday morning by Mr. Michael Blumenthal, previously Treasury Secretary in Mr. Carter's Cabinet.

The 13-member committee includes five former Treasury Secretaries (Mr. Blumenthal, Mr. Henry Fowler and Mr. Douglas Dillon served in Democratic administrations. Mr. George Shultz and Mr. William Simon in Republican governments), two former Fed chairmen (Dr. Burns and Mr. William McChesney Martin) four ex-Congressional committee chairmen (including Mr. Wilbur Mills) and one ex-chairman of the Council of Economic Advisers, Mr. Paul McCracken.

Alongside its specific proposals, the underlying thrust of the committee, as outlined in a statement by Mr. Fowler, is to educate both Government and public in the need for consistent and persistent anti-inflationary policies if the deleterious effects of escalating prices are to be thwarted.

There is clearly a pertinence to the timing of the formation of the committee. The Carter Administration is currently formulating responses to the challenges posed by the recession and, in the opinion of some, may run an inflationary risk by excess economic stimulation.

The committee's recommendation of a five to seven year reduction in corporate taxes (starting modestly but rising in later years) suggested that the committee also looked askance at such a radical approach.

Glyn Genin
Mr. Michael Blumenthal

Foreign exchange deals soar

By David Lascelles in New York

FOREIGN EXCHANGE business in the U.S. is soaring, according to a report released yesterday by the Federal Reserve Bank of New York. In a sample of 90 banking institutions last March, the Fed said foreign exchange transactions averaged \$23.4bn (£9.99bn) a day, nearly five times more than in the Fed's previous (but smaller) sample in April, 1977.

The Fed said the figure contains some duplication since banks report transactions with each other. But after double-counting is eliminated, the total would be about \$18bn, it estimates. Total transactions for the month amounted to \$491.3bn.

The 90-bank sample included "money centre" banks, and large domestic regional banks, the U.S. branches and agencies of foreign banks, and the so-called Edge Act corporations, which are specially established by U.S. banks to finance foreign trade.

The most heavily traded currency was the Deutsche mark, which accounted for about 32 per cent of the total, compared with about 25 per cent in 1977. Next came sterling with 23 per cent (up from 17 per cent). Third was the Canadian dollar with 12 per cent, followed by the Japanese yen

The report also showed that banks do most of their foreign exchange trading among themselves. Only 8 per cent of the total was with non-bank customers. Of this share, about 15 per cent was with participants in the newly-fledged financial futures markets

Kennedy fights losing battle over Democratic election policy

BY DAVID BUCHAN IN WASHINGTON

SENATOR Edward Kennedy *is losing to President* Jimmy Carter in the war of words over the policy platform to be presented to the Democratic Convention in August.

The 158 members of the Democratic Platform Committee, whose political leanings reflect the overall margin of the President's victories in primary elections this year, rejected by nearly two to one the Senator's economic prescriptions: a wage and price freeze, a \$12bn public jobs programme, a pledge not to fight inflation with recession, and new Federal agencies to revive the competitiveness of U.S. industry.

The committee's decisive backing for Mr. Carter's current economic strategy is a *major blow for Senator Kennedy*, who has vowed to promote his Presidential candidacy right to the August nominating convention in New York, arguing that the changed *economic plight of the country* has rendered earlier primary verdicts obsolete.

Thus far, the committee's work this week and last has done nothing to heal the Carter-Kennedy split. The Senator's forces won minor victories, when pro-Carter delegates joined their positions for abortion, "an orderly phase-out" of nuclear power plants and a moratorium on licensing new ones.

But these gains were not an adequate consolation prize for almost certainly losing the party's White House ticket. *Senator Kennedy maintains* that it is economic policy on which the Presidential election will be won or lost.

Nevertheless, conciliators in the party hope that the final draft of the Democratic platform, to be approved today for consideration at the August convention, will show a greater gulf with the Republican Party than between individual Democrats.

Party platforms in the U.S. are only the broadest gauge of what issues are on the country's mind in any Presidential election year. They are not a precise commitment which a successful Presidential candidate is bound to carry out. Indeed, Senator Barry Goldwater, the Republican standard-bearer in 1964, once described *them as at best "a packet of* misinformation and lies."

Individual planks in the party platforms are frequently ignored—the most famous example perhaps being the 1932 *Democratic platform that called* for a balanced budget and a 25 per cent cut in Government spending. The new Democratic President, Franklyn Roosevelt, then went on to pull the country out of depression with the largest budget deficits ever seen.

Mr. Carter has been berated by opponents for increasing defence spending instead of lowering it, as promised in the 1976 Democratic platform. Nonetheless, the parties' platforms are as a general rule honoured slightly less in the breach than in the observance, *and the 1976 Democratic plat*form pointed the way to the SALT II treaty and the Panama Canal treaties.

For their part, the Republicans are expected to have a much smoother task in agreeing a platform for Mr. Ronald Reagan, the steamroller winner of his party's primaries. The one note of tension is his choice as his Vice-Presidential running mate. A United Press survey this week showed strong party hierarchy support for Mr. George Bush, who was Mr. Reagan's last surviving rival in the primaries. Senator Howard Baker, another possible running mate, came in a distant second in the UPI poll of Republican state chairmen and national committee members.

But the Republican National *Committee has had other* matters on its collective mind in the past few days. The spectre of another Watergate scandal was raised last week when mysterious wires were found in the office of Mrs. Mary Crisp, co-chairman of the committee. These initially led security experts to suspect that Mrs. Crisp's telephone might have been bugged.

After false alarms and some speculation that Mrs. Crisp was being monitored by conservative forces in the party with whom she is at odds over the Equal Rights Amendment for women, it was eventually discovered the wires were hooked in to nothing more sinister than a background music system.

Ambassador 'alive' in El Salvador

SAN SALVADOR — El Salvador security forces have captured a Left-wing guerrilla leader, Sr. Julian Espinoza, and National Guards said yesterday he had given away rebel plans.

Sr. Espinoza, seized at the weekend, also told his captors that Mr. Archibald Gardner Dunn, the South African Ambassador to El Salvador, was *still alive, but that he did not* know where, the National Guards said.

Sr. Espinoza, who joined the underground struggle against El Salvador's ruling civilian-military junta eight months ago, was a leader of the Popular Liberation Forces, one of the three main guerrilla groups, the Guards said.

Sr. Epinoza told security forces the guerrillas were divided, but were preparing a major offensive in the near future, to be signalled by a power blackout in San Salvador, the capital.

Reuter

Soldiers arrested in Jamaican 'coup plot'

BY RAYMOND WHITAKER

MORE THAN 20 members of the Jamaica Defence Force and a civilian have been detained for questioning in connection with an alleged plot to overthrow the socialist Government of Mr. Michael Manley.

The Prime Minister announced this in a brief radio statement on Sunday night, but no further details were immediately forthcoming. It is understood, however, that the civilian arrested was Mr. H. Charles Johnson, leader of a small right-wing party called the Jamaica United Front. Mr. Johnson has stood unsuccessfully for election several times. His party is not represented in the Jamaican Parliament.

Although the Jamaican Defence Force is small, numbering only 4,000 men, observers say it would be capable of staging a coup if all its members acted together. The names of the soldiers involved were not known, but military officials said they were NCOs and junior officers up to the rank of captain.

The effects of a coup in a democratic country like Jamaica would be widespread. Mr. Manley's increasing closeness with Cuba has caused some concern in Washington and alienated businessmen at home and abroad, but the Jamaican Prime Minister is prominent in the non-aligned movement and other international organisations, and his overthrow would do considerable damage to U.S. attempts to increase its influence in the Caribbean.

Mr. Manley said a conference with the country's security chiefs on Sunday had confirmed the existence of "an alleged conspiracy to commit certain acts detrimental to national security and subversive of the constitutional government."

According to reports in Kingston, the capital, the plotters planned to seize the Defence Force armoury and assassinate Brigadier Robert Neish, the Chief of Staff. Mr. Manley was to have been taken to a radio station to broadcast his resignation, and Mr. Edward Seaga, the Leader of the Opposition, installed in his place.

Mr. Michael Manley... under attack

Mr. Pearnel Charles, deputy leader of Mr. Seaga's Jamaica Labour Party, went on radio yesterday to dissociate the JLP from any plot to overthrow the Government. Mr. Seaga was off the island on JLP business, he said.

Although it appears that the alleged subversion had little support, the arrests are likely to worsen the tense and often violent political climate in Jamaica ahead of the general election expected in September. Ironically, Mr. Manley's radio announcement was made immediately after a long tape-recorded speech in which he dismissed opposition charges that his Government might seek a military solution to Jamaica's problems.

Several dozen people have been killed so far this year in political violence which Mr. Manley's People's National Party and the JLP each blame on the other. With the economy in serious difficulties — unemployment is estimated to be over 30 per cent, foreign exchange reserves are barely enough to cover daily import requirements and foreign debt is \$1.3bn (£555m)—the election is being seen as a test of the whole direction the country has taken

WORLD TRADE NEWS

Lagos mission says UK not aggressive in trade dealings

BY BRIDGET BLOOM

BRITISH INVESTORS should adopt a more aggressive approach to Nigeria so that they can take full advantage of the increasing opportunities afforded by Nigeria's growing economy and the general goodwill of its business community towards Britain, Chief Akin-George, leader of a 27-member trade mission to Europe, said in London yesterday.

Chief Akin-George, who is President of the Lagos Chamber of Commerce and Industry (LCCI), which is sponsoring the Nigerian mission, told a press conference that Nigeria's year-old civilian government was well disposed towards both private sector and foreign investment.

Out of planned capital expenditure of Naira 33.4bn (£26.7bn) for the new four-year (1981-85) development plan, nearly one third, or Naira 9bn, was expected to come from the private sector. Chief Akin-George emphasised that the civilian government, which had now lifted import restrictions on raw materials and spare parts, was also opening up other areas of the economy—in particular in agriculture-based industries—to foreign investors.

But in a plea which was reiterated by other delegation members, Chief Akin-George said that while Nigeria "would like as much as possible to maintain the old link with Britain as her traditional trading partner," British investors had to be "more aggressive like their competitors from other countries."

Other members complained of long delays in British deliveries, the lack of competitiveness in the British motor industry, and the tendency of UK investors "to sit in air-conditioned offices while their Japanese or European competitors get out there in the traffic jams and the heat to sell."

Mr. Oludayo Sonuga, Treasurer of the Lagos Chamber, said that it was an understatement that Nigerians wanted to trade with Britain. "We love everything British," he said, but "since 1975, when the last major trade mission came to Britain we have seen little change in Britain's attitudes."

After a fall last year to some £600m, Britain is set to regain the £1bn export market in Nigeria in the current year. The decline in 1979 was partly the result of soured Anglo-Nigerian relations over Zimbabwe as well as of a decline in economic activity in Nigeria.

But Chief Akin-George—whose mission will go on to West Germany, France, The Netherlands, Belgium and Austria—emphasised the country's present economic and political stability and the Government's determination to lessen dependence on oil.

The "Nigerianisation" of foreign business under the 1977 decree was settling down, and there were many opportunities for joint ventures, with either a majority or minority interest for the foreign investor. The Government had decided, for example, that foreign companies wishing to invest in plantation agriculture "could take up to 60 per cent." The mission would explore agro-based joint venture projects, as well as small to medium industrial ventures on a partnership basis.

Turks to build Kano plant

ISTANBUL — A Turkish company is to build Africa's largest pharmaceutical plant in northern Nigeria, in co-operation with a Nigerian business group and the Federal Government, the company, Eczacibasi Holding, said yesterday.

Mr. Ayhan Suskun, Eczacibasi technical director, said the $120m (£51m) factory would be built in Kano Province, with his company and the Nigerian business group, Koguna-Babura-Thomas each holding 37.5 per cent interest and the Nigerian Government 25 per cent.

The plant, to be completed over five years, will produce antibiotics, vitamins, anti-malaria vaccine, cosmetics, food additives and veterinary supplies, Mr. Suskun said.

Nigeria imports 90 per cent of its medical supplies, according to a member of the Nigerian business group.
Reuter

Rapier deal for Swiss nearer approval

BERNE — The Swiss Government yesterday formally proposed the purchase of 60 units of the British-made Rapier mobile anti-aircraft guided missile system at an initial cost of SwFr 1.2bn (£315m).

A Government message to Parliament said that, if the deal is approved, delivery to the forces could start in 1984 and be completed by 1987. Development by British Aerospace, a Rapier unit includes a mobile missile rack target radar and guiding transmitter.

The Government move had been expected for some months following a Parliamentary commission recommendation last February that Rapiers be bought this year and that 40 U.S.-built Tiger fighter aircraft be acquired to bolster Swiss defences against attack by tanks and armoured columns.

The message said the Government planned to manufacture the missiles in Switzerland under licence. This increased the cost but offered the advantages of gaining technical know-how and providing work for some 140 people for about five years.

The cost, estimated to increase to a total of SwFr 1.7bn with inflation, would be covered out of the regular annual defence budgets, the message said. The Rapier was preferred to the existing French-German system because of its lower cost, simpler handling and because it has stood its tests in Britain.

Defence Ministry officials said demands for compensatory British orders worth 20 per cent of the contract price were dropped when the British Department of Trade said this would be contrary to the spirit of free trade.

But Switzerland still hoped to obtain some British orders to offset the cost, they added.

The contract could be signed in December, the officials said, but a high annual inflation rate in Britain and a strong sterling could cause a requirement for extra credit.

The Swiss chose the all-weather version of the missile after about seven years' intensive study. Initial negotiations between the two countries began in the 1960s.
Agencies

Turning Jordan valley into a Mideast garden

BY RAMI G. KHOURI IN AMMAN

FIFTEEN OF the world's leading development aid bodies gather in Amman next month to put the final touches on a $1.3bn (£560m) package of projects to turn the Jordan valley into a major source of fresh agricultural produce for the Middle East.

The Jordanian Government and the group of donors will put in place infrastructural works to irrigate a total of 22,000 hectares of prime land, bringing total irrigated areas in the valley to some 31,000 hectares.

A series of contracts will be awarded in the coming year to build the Maqarin Dam astride the Yarmuk River, in north Jordan, lay down pressure irrigation networks for 22,000 hectares of farmland throughout the 100-kilometre-long valley, and put in place a water treatment, storage and delivery system to provide the urban regions of Amman and Irbid, in north Jordan, with up to 60m cubic metres of domestic water a year from the Maqarin Dam reservoir.

If present experience is anything to go by, the money being invested in the valley by the Government will be surpassed several times over by the private investments of farmers and financiers, who are just starting to appreciate the magnitude of the valley's agricultural potential. The Jordan Valley Authority (JVA), established in 1973 to draw up and implement an integrated socio-economic development plan for the entire valley, estimates that for every dollar it spends in the area, private sector investors have been putting in $5, mostly in agricultural facilities such as plastic hothouses, row tunnels, drip irrigation systems and farm machinery.

Thus the biblical valley, lying between 200 and 400 metres below sea level at the lowest spot on earth, is emerging as a $10bn market for agricultural services and products in the coming decade.

The unique combination of resources that gives the valley such potential includes a warm winter climate, year-round water from 10 rivers and riverbeds that feed into the Jordan River and highly fertile soil that has been virtually untouched in the last 9,000 years.

In the 1950s, a few pioneering farmers started growing tomatoes and cucumbers in the area, which fetched prime prices because they reached retail markets in Jordan and nearby Arab states at least two months before highland farmers picked their produce.

The 1967 Arab-Israeli war and its aftermath saw the valley turn into a battle zone, with most of its 60,000 population fleeing for safety in the eastern hills. By 1972, the population of the valley had dwindled to 5,000 war-rattled farmers, who braved the dangers of nervous armies to remain in the valley to water their precious citrus groves.

By 1972, the Jordanian Government decided it was finally time to address the potential of the valley in a major way.

A committee was established to formulate a comprehensive development plan, whose novelty was the integrated nature of its approach laying down an agricultural infrastructure simultaneously with full social services to attract people back into the valley. Phase one of this programme is now completed, and includes grouping the population into 33 villages, provided with houses, schools, clinics, streets, water and power systems, and commercial and Government complexes.

The population of the valley has risen to 88,000 people to date, and is projected to reach 150,000 at full development in the mid-1980s.

Phase two is now under way, and revolves around the 350m cubic metre capacity Maqarin Dam, designed by Harza Overseas Engineering Company of Chicago.

Twenty-two international contractors have been shortlisted for the dam contract, including many of the world's biggest concerns, such as Balfour Beatty, Costain and George Wimpey of the UK, Philip Holzmann, Held and Francke Polensky and Zollner of West Germany, Fougerolle and Compagnie de Constructions Internationales of France, Dravo Corporation and J. A. Jones and Brown and Root of the U.S.

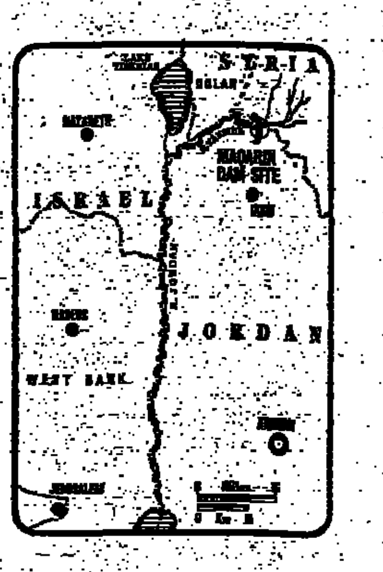
The dam itself will cost around $650m, and will require at least five years to be built. Contract awarding is expected to take place early next year.

The allied pressure irrigation network, designed by Dar al Handasah consultants (Shair and Partners) will cost some $200m, while the north Jordan domestic water project is estimated to cost $350m.

While these large schemes are being put in place in the valley north of the Dead Sea, the JVA is starting to shift its focus to a second, potentially enormous development scheme in Wadi Araba, the 200km-long southern extension of the valley, between the Dead Sea and the Gulf of Aqaba.

Present work there relies on water from riverbeds, which would otherwise follow into the Dead Sea.

The Maqarin Dam project which is at the heart of the valley's future development, also incorporates a delicate political dispute about the



rights of Israel to a share of Yarmuk River waters. The Yarmuk flows from Jordan into northern Israel, where it is diverted to feed the Israeli national water carrier and to irrigate the Yarmuk triangle area south of Lake Tiberias. According to international legal precedent, Israel is entitled to 25m cubic metres a year of Yarmuk waters, which it has been receiving via the natural flow of the river.

But the U.S. Congress has refused to release its $150m in aid for the Maqarin Dam until the question of proprietary rights is settled.

Spanish companies sign contracts for Iranian oil

BY PATRICK COCKBURN IN TEHRAN

IRAN has signed two new agreements with Spanish companies for the supply of 27,000 barrels a day of oil, and there is an unconfirmed report of a further contract for 30,000 b/d. This would bring total Spanish imports to 89,000 b/d.

As three Spanish companies—Cepsa, Hispanoil, and Petronor—are already taking 32,000 b/d from Iran, the new agreements will make Spain the largest importer of Iranian crude after India and Romania.

Petromed, which has been negotiating for several months in Tehran, will take 17,000 b/d and Union Explosivos Rio Tinto 10,000 b/d under the agreements signed last week.

Cepsa is believed recently to have signed for an extra 30,000 b/d on top of its original contract. Another Spanish company, Petroliber, is also having talks with Iran on the purchase of 10,000 b/d.

The contracts are for six to nine months, and the price is $35 to $36 a barrel, which is Iran's official price. In spite of claims by Mr. Ali Akbar Moinfar, the Iranian Oil Minister, that exports will increase to 1m b/d from the beginning of next month, the present total is only 650,000 b/d.

The Spanish Government is somewhat embarrassed by the enthusiasm of its oil companies and exporters to enter the Iranian market, despite a commitment by Spain to go along with EEC sanctions.

The difficulty which Iranian importers are having in opening letters of credit in EEC countries because of the attitude of the Central Bank in Tehran is tending to benefit non-EEC European states, such as Spain, Switzerland, Sweden, and Austria.

Manila power plant bids to open soon

MANILA — Bids will be opened on July 11 for construction of a coal-burning power plant estimated to cost $400m (£172m) the State-owned National Power Corporation said, the Asian Wall Street Journal reports.

Mr. Geronimo Velasco, the Energy Minister, said that the plant, in Batangas Province, is designed for a capacity of 300 megawatts, but could be expanded to 600 megawatts if coal supplies can be assured.

The company said nine foreign companies have "pre-qualified" to bid on the contract, which calls for all construction from foundations to the plant's link-up with the local power grid.

Mr. Velasco said the power plant is to begin operating by 1983.—AP-DJ

Fokker aircraft may be assembled in Japan, U.S.

BY CHARLES BATCHELOR IN AMSTERDAM

THE 130-seat F-29 jet, designed by Fokker may be assembled in Japan and the U.S., as well as in Europe. Production of the complete aircraft is expected to take place in more than one centre, Mr. Frans Swarttouw, chairman of Fokker said.

No major changes in the basic design of the aircraft will be made, and Fokker hopes to decide by next June whether to go ahead with the project.

Fokker has an agreement with Boeing to use the fuselage cross-section, which has been built by the U.S. company for its 737 airliner. It is also holding talks in Japan with Government agencies, the joint industrial and Government foundations, and three companies — Fuji, Kawasaki, and Mitsubishi.

In Europe, Fokker is negotiating with the Airbus consortium, although both groups have approached the Japanese with plans for new aircraft in the same segment of the market.

Co-operation of this kind will spread the financial as well as political risks, Mr. Swarttouw said. The firmness of the guilder against the dollar, on which currency aircraft sales are based, means that a company producing in Europe alone would be very vulnerable to competition.

Market surveys have led to the F-29 becoming a much larger aircraft than was first planned, and a 160-seat version may yet be developed. The design details include placing of the engines under the wing, rather than on the fuselage, and the use of a "super critical" wing offering good fuel economy. The F-29 is expected to fly in late 1985. Development costs will be between $800m and $1bn.

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BASS CHALLENGES THE VODKA MARKET. GARETH GRIFFITHS REPORTS

Move to improve spirit sales in competitive market

BASS'S DECISION to launch its own nationally marketed brand of vodka in October reflects the industry's confidence in the vodka boom while attempting to improve the company's disappointing performance in wine and spirits.

Since the early 1970s Bass has been involved in marketing Vladivar vodka with the Warrington brewers and distillers, Greenall Whitley. Bass scrapped its own brand, Imperial, to stock Vladivar, which had reached second place in the brand popularity stakes by 1980—aided by a skilful advertising campaign and a strong regional base in the north-west.

Vodka sales have boomed since the mid-1960s when the drink finally managed to loose its "firewater" image. Ironically, perhaps, the major influences on British vodka consumption have come not from Russia, but the U.S.

The 1960s boom was underpinned by three factors. It was a period when young consumers, freed from depending on their parents for financial support, wanted to spend on experimental drinks for which vodka is the ideal drink, being relatively bland, a good base for mixers and a lower alcoholic proof than other spirits.

Second, the success of vodka advertising in combining visual humour and fantasy with the message that vodka was an exciting drink. Individual advertising campaigns by the companies are still cited as being among advertising classics.

Third, vodka benefited from the general consumer switch to blander, more colourless drinks resulting in a vodka growth rate of between 15 to 20 per cent per annum over the past five years. In the year ending February, 1980, total vodka clearances in the UK came to 3,965,000 cases, according to Customs and Excise figures, compared with 2m in 1974.

The four leading brands dominate the £300m per year market controlling between them more than 90 per cent of total sales but the market leader, with more than half total sales, is the 2m-case-a-year Smirnoff, owned by International Distillers and Vintners, part of the Grand Metropolitan group.

Greenall Whitley claims Vladivar to be the second most popular brand with a 20 per cent shore of total vodka sales — although other industry estimates put it at about 15 per cent—but it probably has a slight edge over the third brand, Cossack, which takes about 14 per cent.

In the decade since vodka lost its 'fire-water' image, four brands have dominated the market. A fifth competitor has now issued a challenge

Cossack, owned by the Distillers Company, has a distribution agreement in Scotland with Scottish and Newcastle Breweries. Scotland is the strongest vodka market in the UK, with 80 per cent of vodka sales taking place in pubs.

The fourth leading brand is Romanoff, controlled by Allied Breweries and Whitbread, at about a 12 per cent market share. Other brands are mainly own-label, produced for supermarket chains, cheap sub-norms, or premium priced imports from Eastern Europe, all of which have a limited appeal.

With fierce competition between the brand leaders, the vodka market is swayed by advertising and promotional campaigns. The manufacturers suggest that pricing is important, although vodka is generally sold at between £5 and £6 a bottle.

As public houses and clubs account for 60 per cent of vodka sales, price is a more important issue in the off-sales outlets where sales are 40 per cent and increasing.

Thus the vodka market presents a picture of a classic oligopoly. Industrial analysts argued that the high costs of advertising and the need for distribution raised insuperable barriers for new companies entering the industry.

Bass's decision to launch a new brand that will compete across the board with the four leaders comes as a surprise to the industry but discussions between Bass and Greenall Whitley took place for some months before news of the decision broke.

Hedges and Butler, the Bass wine and spirits subsidiary, who will handle the new Bass vodka, has come under criticism for its performance in the past. Bass, in its half year figures in May, said the results for its hotels, wine and spirits division were below expectations.

Bacardi Rum, Hedges and Butler's prize asset, topped 1m cases last year, but there are now strong indications the white rum market is dropping making Bacardi's future limited. To build up its operations the company has also launched a new range of French, Italian, German and Spanish wines but vodka is still seen as the main growth area. Vodka's share of the total British spirits market has more than doubled in the past 10 years, from 6 per cent in 1970 to 13 per cent in 1980.

Several million pounds on advertising and promotion will have to be spent by Bass in order to launch its vodka. In opting for competing across the board, Bass will have to make strong efforts in off-trade sales as well as in its guaranteed market in the 8,500 Bass public houses and Crest hotel chain.

Largest share

With a pre-tax profit of £50.1m in the first half year and the largest brewery share of the beer market Bass can afford to spend lavishly on the promotional drive for the new vodka, planned to be on sale in October.

The total loss from the Bass connection Greenall Whitley executives privately put to their company is around 100,000 cases per year and Greenall Whitley will spend £750,000 this year on promotion for Vladivar. Publicly it is saying the Bass move is a healthy step for the overall market.

While there is a demand for it Vladivar will still be stocked in Bass pubs. Bass has a similar deal with International Distillers and Vintners over Smirnoff. But there seems little doubt that Vladivar will be squeezed out of the Bass market by the Bass publicans who will stock the Bass vodka as their preferred brand.

New oil vessel 'basis for exports'

By Ray Perman, Scottish Correspondent

BRITISH SHIPBUILDERS hopes to use expertise gained in building a £60m emergency support vessel for British Petroleum to secure a large share of the expected increase in demand for semi-submersibles.

Mr. John Parker, Board member for marketing, said yesterday the BP vessel, now half-completed at the Scott Lithgow Yard, Port Glasgow, was regarded as a prototype.

The vessel, built on 200-metre-long pontoons, will have fire-fighting, diving and workshop facilities, a 100-tonne crane and helicopter deck.

It is the most advanced structure being built at a British shipyard. After its launching next summer it will be used to deal with emergencies on North Sea oil fields.

"We certainly believe now that the technological expertise we have developed in British Shipbuilders will enable us to bid from a much stronger base for semi-submersibles," Mr. Parker said.

The shipbuilding corporation expects the oil company move into deeper waters to lead to demand for floating production platforms, drilling, maintenance and accommodation rigs and personnel carriers.

Mr. Basil Butler, managing director, BP Petroleum development, said there would be a demand from the British, Norwegian, Dutch and Irish offshore sectors for a new type of semi-submersible.

BP chairman warns of risks to world oil trade

BY RAY DAFTER, ENERGY EDITOR

SIR DAVID STEEL, chairman of British Petroleum, told energy economists in Cambridge yesterday that the international oil trade had become more risky than ever, except in time of war.

Sir David said at a conference of the International Association of Energy Economists at Churchill College, that traders and importing refiners were at risk because of sudden price movements.

"Since refiners' margins in many countries are restricted by price controls, I am afraid that the number of refiners, or at least the scale of their operations, will diminish."

There were risks for oil producers too, he said. Many of the oil exporters were countries with small populations, few other resources and limited technological capacity.

"Their independence and progress depends on the political balance and prosperity of the world outside their borders. How far is that balance being upset by successive oil crises?"

Sir David said that oil trading channels were becoming more diversified. Governments were becoming more directly involved in the sale of oil and were increasingly selling to other governments. "Bi-lateral trading between governments notoriously introduces rigidity and inefficiency into the distribution system."

Some governments, notably those of developing countries, appeared to have obtained cheaper oil, while others—particularly in industrialised countries—obtained extra supplies by paying more for them. Some governments could organise commercial packages which linked oil imports and industrial exports.

"If that is the way in which some of the exporters are determined to do it, that is the way their trade will tend to be. It could be better to have inefficient, inflexible and costly international trade than no international trade at all."

Sir David said that the risks inevitably enhanced the value of indigenous supplies of energy which were not affected by the international trade. Britain had an advantage in this respect. But here again, oil companies faced the risk of rising taxation and politically motivated changes in operating conditions.

"We take risks in the expectation of reward. Our readiness to do so becomes eroded if those expectations are repeatedly disappointed because fiscal action, price control or other governmental intervention comes between the risk we take and the reward we expected."

Dr. Chauncey Starr, vice-chairman of the U.S. Electric Power Research Institute, added that the industrial nations' future dedication to using technology resources could ensure that the world avoided a severe energy shortage.

"Limited expectations lead to policies of retrenchment and cautious, riskless investments, thus making the policy self-fulfilling. Perhaps more importantly, limited expectations destroy the image of a better future so essential to motivate our social institutions."

Sugar confectionery industry 'in decline'

BY GARETH GRIFFITHS

LONG-TERM decline and considerable rationalisation and retraction is forecast for the UK sugar confectionery industry in a survey published today.

Jordan's, which carries out industry-by-industry surveys, says of the confectionery industry that the sugar side could be suffering from a high level of overcapacity. It has traditionally been a high-volume low-value sector, and manufacturers have had a poor record of product innovation.

Mr. Tim Potter, an analyst with stockbrokers Vickers Da Costa, says the sector will continue its long-term decline compared with the chocolate side. The value of chocolate output was £1.06bn last year, against £567m for sugar confectionery. Sales of sugar confectionery have done particularly badly in the current recession, although usually chocolate sales have been hit harder.

The report suggests that companies are likely to put more emphasis on labour-saving machinery for processing, packaging and wrapping. The present lay-offs and short-time working will provide an opportunity for downward reappraisal of future employment requirements. The confectionery industry has been labour intensive, with a high proportion of women and part-time workers.

The number of sugar confectionery manufacturers is predicted to fall, in view of strong pressures on keeping costs down.

Generally, the report says, the confectionery industry, particularly the chocolate side, should see some sales recovery in the next six months.

Report urges college merger

CATHOLIC AND Protestant teacher training colleges in Belfast should be amalgamated, said a government report published today.

The report of a study group, headed by Sir Henry Chilver, the Vice-Chancellor of the Cranfield Institute of Technology suggested that closer links between trainee and teachers of different religions could improve Ulster community relations.

The two Roman Catholic teacher training colleges in the city should be amalgamated with the two state-run protestant institutions at Stranmillis College, but each college ought to retain much of its own autonomy.

Security in Ulster stepped up

THE ARMY and police in Northern Ireland tightened security in several areas.

The army confirmed yesterday that they have started to block off small cross border roads in Co. Fermanagh. This move is partly intended to deflate a rally planned by unionist leaders to protest against the number of killings by Provisional IRA terrorists in the border area.

It is thought 5,000 mainly Protestants will turn out for the march in what is a Republican heartland.

All leave for the Royal Ulster Constabulary has been cancelled for the visit of the Duke and Duchess of Kent, who are visiting Northern Ireland for events centring on the tenth anniversary of the Ulster Defence Regiment.

The UDR is one of the largest battalions in the British Army with nearly 9,000 part time and full time members. It is made up mostly of Protestants.

The Duke's visit comes when Mr. Humphrey Atkins the Secretary of State for Northern Ireland, has asked for an improvement in security. The long awaited Green Paper on political devolution in the province is due for release later this week.

CONTRACTS

£7m Rolls-Royce engine order

ROLLS-ROYCE has a £7m order for RB-211 Dash 524 engines for a Lockheed TriStar ordered by Gulf Air. The order brings Rolls-Royce's total order book for engines to over £1.9bn, with the RB-211 dominating the civil engine programme and the RB-199 for the Tornado dominating the military programme.

★

Companies within the LONDON AND NORTHERN GROUP have been awarded contracts worth around £8.5m. C. A. Blackwell (Contracts), based in Essex, has received contracts valued at around £7.5m, one of these being for the landscaping of a waste disposal site for Workingham District Council, in which over 3m cubic metres of material will be dealt with. The other contracts are the Southern Access Road, Ely Section, Cardiff, where the main contractor is Davies Middleton and Davies of Cardiff, and the A120 Colchester Eastern and Elmstead Market bypass, where the main contractor is Costain Civil Engineering. Border Engineering Contractors has won contracts worth more than £660,000 for refurbishment works for the Provincial Building Society at Morecambe and office and factory extensions at Cleator Moor for the English Industrial Estates Corporation.

★

The first major contract for Shell-Esso's natural gas and petrochemicals complex at Mossmorran, Fife, has been awarded to the Glasgow construction group, F. J. C. LILLEY. The order, worth £6m, is for the construction of roads, drainage and foundations and was placed by Ralph M. Parsons, the managing contractors. Work will start shortly and take about 18 months to complete. A second larger contract of around £20m for storage tanks and associated earth work will be awarded shortly. Six companies have tendered and it is expected that the order will be won by a UK firm.

★

KIMBELL CONSTRUCTION, the Northampton-based civil engineers and building contractors has received contracts worth more than £3m. Public sector orders include: Surface water drainage at Long Sutton for South Holland District Council acting as agents to the Anglian Water Authority (£420,000) and two road and sewer contracts for Milton Keynes Development Corporation (£340,000). Private sector work includes: workshop and office extensions for Vales Plant at Rickmansworth (£111,000) and new garage and showrooms for Moss Motors of St. Albans (£180,000).

★

A contract worth nearly £3m has been awarded to BRITISH RAIL ENGINEERING to build 100 bulk cement wagons for Blue Circle Industries. The wagons, to be built at BREL's Ashford Works in Kent, will be used for the conveyance of bulk powdered cement from Blue Circles Works at company rail depots throughout the country. The wagons will be of the two axle type with a gross laden weight of 51 tonnes and will incorporate aeration equipment for rapid pressure assisted discharge of the 37 tonnes payload.

★

SOFTWARE SCIENCES has won a £2m contract for the turnkey supply of the Merseyside Police command and control computer system—one of the largest of its type to be undertaken in the UK. The system will link the Merseyside Police divisions to headquarters with a computer-based network, to greatly improve the exchange and distribution of information. A prime aim is to assist operations room staff to despatch the most appropriate resources to emergency incidents and then to monitor activity.

HEAD WRIGHTSON TEESDALE, a Davy Corporation company, has won a £1.86m order for fabrication of 82 aluminium reduction cell shells for the British Aluminium Lochaber smelter modernisation at Fort William. The cells, each weighing 27 tonnes, will measure around 5 metres wide x 10.25 metres long x 1.75 metres high and will be manufactured from mild steel. The order was placed by Ralph M. Parsons Company, the managing contractors acting on behalf of the British Aluminium Company.

Nabisco are to install a new bulk ingredients intake, weighing and distribution plant at their Woodgate biscuit factory in Leicester worth around £620,000. It will be supplied by SIMON FOOD ENGINEERS, Stockport. The new facilities will incorporate pneumatic intake, silos for the bulk storage of flour and sugar, sugar grinding equipment, pneumatic conveying lines and a central automatic weighing and proportioning system.

HAWKER SIDDELEY POWER ENGINEERING's industrial division based at Sutton Coldfield, West Midlands, has secured a contract valued at over £500,000 to supply electrical equipment to the United Republic of Tanzania. The contract, awarded by the Tanzanian Electric Supply Company, involves switchgear, transformers, cables and associated equipment for a 10 MW diesel generating station. The project will be located at Mbeya in the south west region of Tanzania.

The development and manufacture of a unique 6/12 tone modem to transmit low-speed teleprinter signals or data over HF radio links is being undertaken by RACAL COMMUNICATIONS under a contract from the Ministry of Defence worth around £750,000. The Foreign and Commonwealth Office, the Army and the Defence Communications Network will be among the users of the equipment. The modem will be a multi-frequency shift-tone modulator giving a low error-rate under conditions of poor signal-to-noise environments and multipath propogation. It will operate in simplex or duplex modes on ITA2 or ITA5 codes giving either 50 or 75 bands.

★

The Telford division of ADAMSON BUTTERLEY has won a contract worth around £560,000 for two magnetic scrap handling cranes featuring limited swing to minimise damage to rail wagons during loading and unloading. The cranes, both of 15-tonne capacity, will handle up to 16,000 tonnes/week mixed steel scrap at Duport Steels of Llanelli, South Wales. Both cranes, each of 26 metres span, will unload rail wagons and stockpile and reclaim scrap in the arcfurnace scrapyard. Lifting is by a 2 metres diameter round magnet, attached to the crane by means of a special bottom block that is reeved on to a hoist barrel by means of a limited swing rope reeving system.

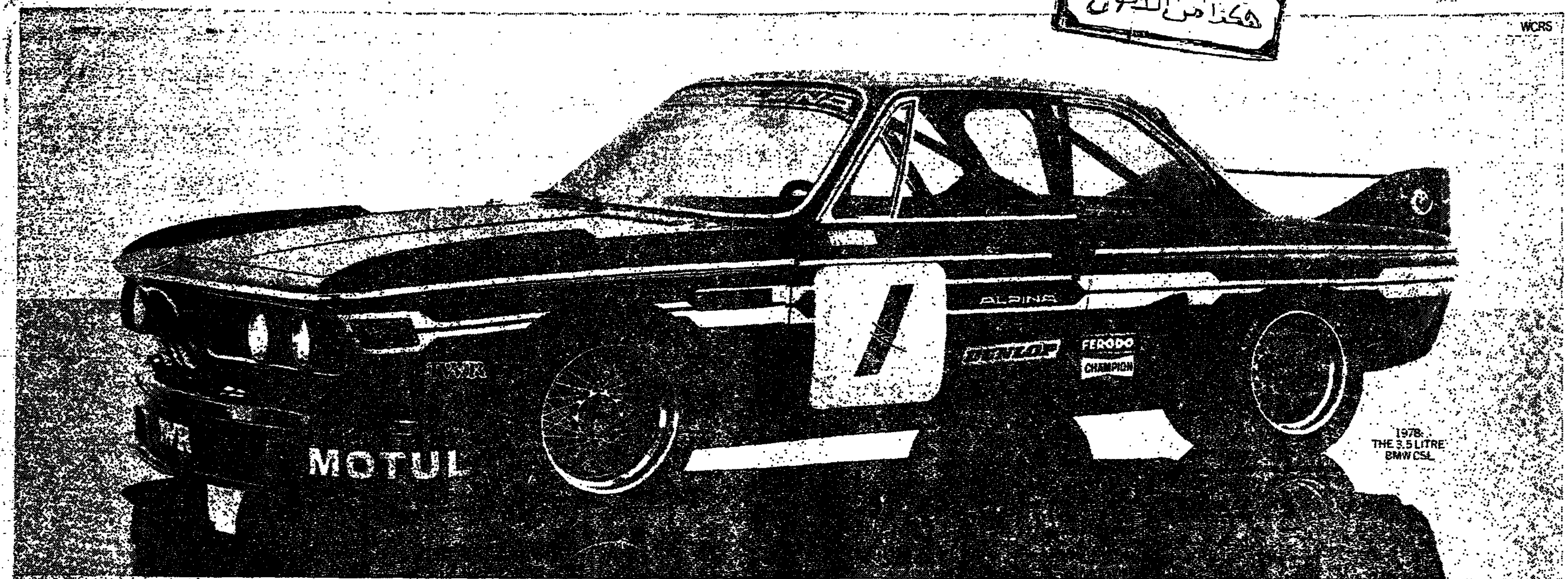
★

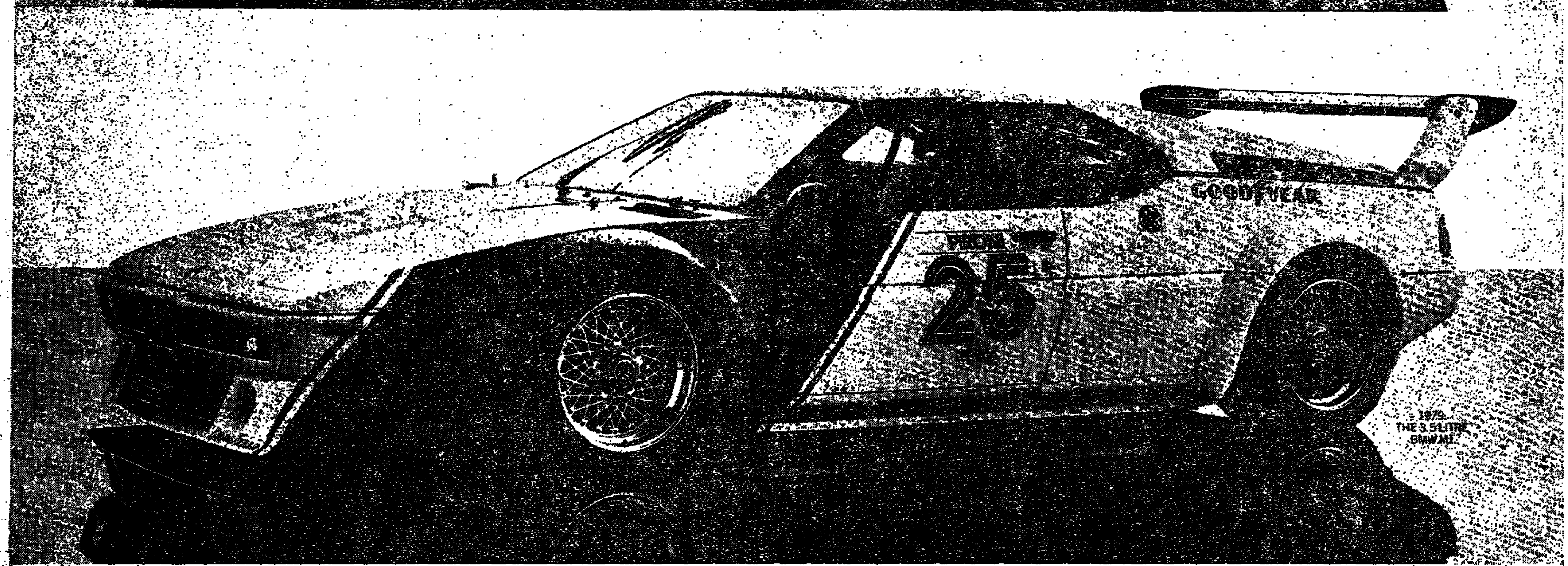
An order for waste heat recovery steam turbo-generating sets worth nearly £500,000 has been awarded to PETER BROTHERHOOD by the Norwegian shipping company Leif Hough. The 4,900kW steam turbo-generating sets will be installed in four new 76,000 dwt OBO carriers, to be built at Hyundai shipyard in South Korea.

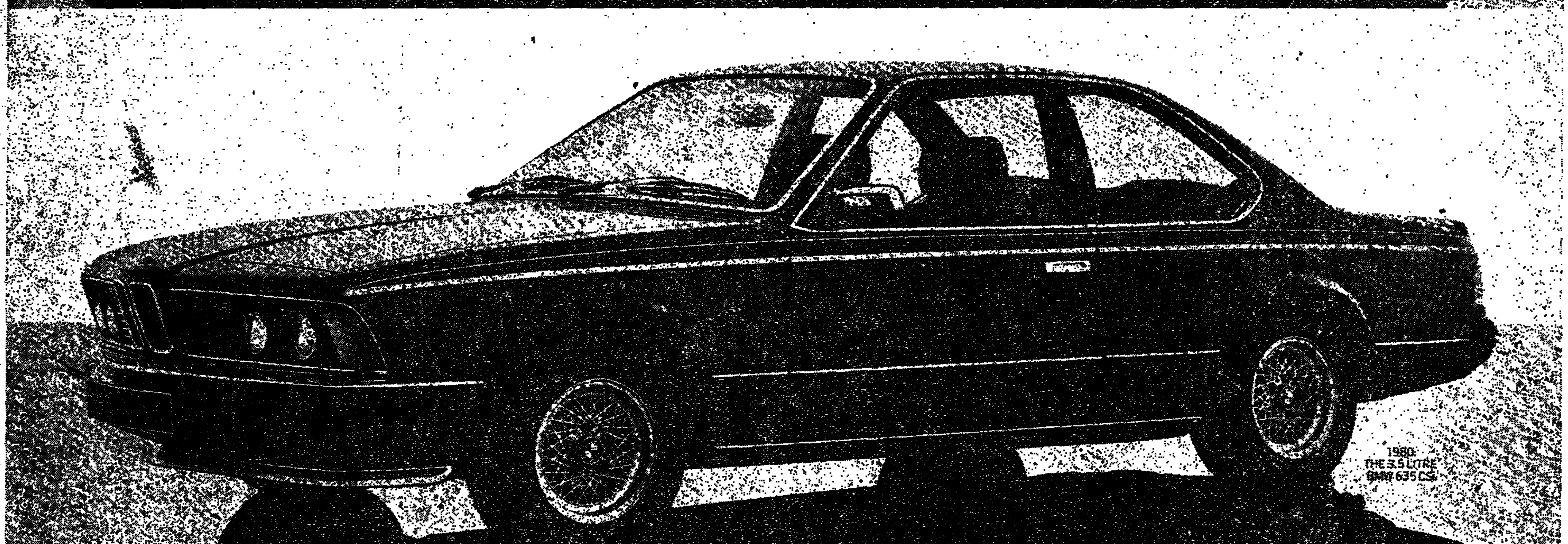
★

KEARNEY AND TRECKER MARWIN of Brighton, has been awarded a £400,000 order to supply a machining system to process cylinder heads for Austin Morris. The 100-parts per hour gross capacity system will machine cast iron heads for the "A" Series engine which will power the Mini Metro due to be launched at the 1980 Motor Show.

WCRS







BMW's RACING ENGINE IS NOW AVAILABLE TO A WIDER PUBLIC. BUT NOT MUCH WIDER.

The engine in question has quite a pedigree.

In the CSL coupé it helped BMW win the European Touring Car Championship four years in a row.

It was a performance, however, only really appreciated by racing drivers like Nikki Lauda, Jackie Ickx and Hans Stuck, who discovered how, with this engine, they could beat even 5 and 7 litre rivals.

Then, for the M1 racing car, the engine was developed still further. So, ultimately, it could produce 800 bhp from its six cylinders.

It first raced last year in the Pro-Car Championships. But, again, this was a pleasure restricted to racing drivers like Clay Regazzoni, Nelson Piquet, Jacques Lafite and Alan Jones.

It seemed, however, that it was selfish to restrict such an engine just to the race track.

So a 140 mph road version of the engine was developed for the 635 CSi coupé.

And its high speed performance is now accompanied by a remarkable low speed docility. If asked to, the vehicle will trickle along without protest at 1500 rpm in any gear, and then pull away cleanly and strongly as soon as you open the throttle.

But its racing origins clearly show when the car then is flicked, flat-out in second or third, through S-bends so close and difficult that they demand the very best of car and driver.

The 6 Series Check Control System ensures that the car is able to give exactly that: just press the test button before you drive off and seven key functions of the car are electronically checked.

As for the driver, this BMW's biomechanical design makes the most of his skills.

The driving position, for example, can be optimised by adjusting the seat for height, tilt, reach and rake.

And the controls and instruments are carefully sited to minimise the time gap between reaction and action.

All in all, rather than being a coupé version of a saloon car, the 635 is very much a car bred directly out of BMW's race track experience. (Witness the fact that a 635 has already won the first rounds of the 1980 European Touring Car Championship at Monza and Vallelunga.)

Alas, it's an experience no more than 595 people in Britain will be able to enjoy in 1980.

Our apologies: but we can't make our 635 CSi any faster.

THE ULTIMATE DRIVING MACHINE

Industry in talks on aid for cities

BY ROBIN PAULEY

SENIOR executives of some of Britain's leading companies will meet Mr. Tom King, Local Government Minister today to discuss the possibility of private investment to help regenerate declining inner urban areas.

Mr. King is anxious for British companies to follow the example of some leading American companies which have invested billions of dollars in city regeneration in recent years.

American companies can claim all inner city contributions as tax-deductible on the same basis as payments to charities, hospitals, orchestras and universities — but no such facility exists in Britain. The Treasury is understood unofficially, however, to have agreed to look at the possibility "positively and not unenthusiastically."

BP might pay as much as £1bn in petrol revenue tax this year. If some of it were channelled into an urban revival scheme, it could make a significant contribution.

Companies to be represented at today's meeting include BP, Prudential, Shell, IBM, BOC, Pilkington's, Marks and Spencer, GEC and the Industrial and Commercial Finance Corporation.

The meeting is being held because Mr. King was sufficiently encouraged by the British response to the idea at a private seminar organised by the Environment Department in April at Sunningdale. The proposal was discussed by British and American executives.

But the British delegation felt the Americans had tended to preach without fully considering that the considerable tax relief available in the U.S. did not exist in Britain.

American companies at the conference included: Bank of America, Control Data Corporation, RCA, and General Motors.

The idea of joint civic action to regenerate a derelict area prompted General Motors and Ford to finance the Detroit Renaissance Centre, a complex of offices, shops and hotels in a run-down part of the city.

Decision on tank project in August

BY LYNTON McLAIN

URGENT DECISIONS on Britain's strategy for buying battle tanks for the 1990s—possibly involving a £250m programme by 1985—are to be taken by the Government in the middle of August.

This was made clear by Ministry of Defence officials at the third British Army Equipment Exhibition which opened at Aldershot yesterday.

The Government has to decide whether to capitalise on the research involved in the £1bn order for British Shir II tanks, cancelled by Iran when the Shah was deposed, by building the proposed "Challenger" version. A second option is to go ahead with a full programme for a completely new tank-MBT 80—but this would not be ready for some years.

The Government could go ahead with both schemes but on a limited basis. This would maintain Britain's battle tank designing and building capacity, aid employment in Britain's heavy arms factories, especially at Vickers Defence Systems on Tyneside, where workers are desperately short of work, and bridge the gap caused by the expected obsolescence of Britain's Chieftain tanks in Europe.

The Challenger is specifically designed to suit terrain in Europe, and if the Government gives the go-ahead, up to 250 Challengers costing up to £1m each could be in service alongside existing Cheiftain tanks by 1985.

Sir Hugh Beach, Master General of the Ordnance, and the man responsible for buying British tanks, said at a preview of the arms exhibition yesterday that the proposed Challenger would represent a "quantitive and qualitative" increase in Britain's tank commitment in Europe. The Challenger was a "very significant improvement" over the Chieftain which had problems of reliability.

The new tank would be fitted with the 1200 hp Rolls-Royce engine fitted to the Shir I tank—subsequently supplied to Jordan as the type 4030, after the Iran cancellations. But unlike the tanks for Jordan, the Challenger would have British Chobham compound armour and would have its suspension modified to suit conditions in Europe.

The more advanced MBT-80 tank is still at the research and development stage and any Government decision to go ahead with a prototype could not be taken without substantial additional investments.

When the Government makes its decision it will also have to take account of the future of the proposed Shir III tank design—now only a "conceptual development" of the Challenger—and the possibility of joint collaborative projects with its allies on the next generation of battle tanks.

Britain has 5% of world arms market

BY LYNTON McLAIN

BRITISH COMPANIES have 5 per cent of this year's £24bn world market for military equipment — and the UK share is growing, said Sir Ronald Ellis, head of the Government's defence sales organisation.

He was speaking yesterday at a preview of this week's British Army Equipment Exhibition at Aldershot. He said that the low figure was because Britain tended to "keep tight control of where the exports went."

Two hundred British companies are showing their wares at the exhibition which is expected to be visited by 400 military guests from 90 countries.

Sir Ronald said that the U.S. and the Soviet Union had cornered 70 per cent of world sales of military equipment and without shows like the Army Equipment Exhibition, Britain would "rapidly lose its market share to these and other countries, including France."

British exports of military equipment were £600m in 1976, when the first British Army Equipment Exhibition was held. By 1978 it was more than £1.1bn, although inflation accounted for a large part of the increase.

Sales of at least £1.2bn are expected this year, says the Trade Department. This represents almost a quarter of the total of £5bn of arms and equipment orders placed by the UK Government and overseas governments.

However, the Customs and Excise, in figures published last week, identified only £392.8m of arms sales for export last year.

Warships, including hovercraft, topped the list, with identifiable sales of more than £80m. Ammunition came second with sales of more than £76m, followed by armoured fighting vehicles at £53m and guns, small arms and parts at £52m.

The Middle East and North African countries dominated sales last year with identifiable imports from Britain of over £126m, followed by NATO members and other Western European countries.

Marconi and Racal Electronics were Britain's top military equipment exporters last year. In a survey of the top 60 British military equipment manufacturers these two companies accounted for 37 per cent of total private sector sales and 69 per cent of total private sector pre-tax profits.

The survey showed that average profit margins rose from just under 9 per cent three years ago to more than 10 per cent last year.

The sales growth in the first half of the three-year period was 20 per cent, and 23 per cent in the second half. Fourteen companies showed sales growths of more than 25 per cent.

Dust victims must claim by July 3

COMPENSATION claims under the Pneumoconiosis (Workers' Compensation) Act 1979 should be made by July 3, the Department of Industry said.

The people concerned are those first awarded disablement benefit before the Act came into force on July 4, 1979, and dependants of sufferers who died before then.

Falkirk tunnel remains closed

Falkirk high tunnel on the main Edinburgh-Glasgow intercity rail line is to remain closed for a further four months while additional engineering work is carried out. The present temporary passenger timetable will remain in operation.

Role for industry in defence

BY DAVID FISHLOCK, SCIENCE EDITOR

A GOVERNMENT inquiry into Britain's £1.5bn defence research and development programme has concluded that two of its 12 defence research establishments should be managed by industry.

The two establishments are the National Gas Turbine Establishment at Pyestock near Farnborough, and the Propellants, Explosives and Rocket Motor Establishment with laboratories at Westcott near Aylesbury and Waltham Abbey in Essex. Between them the budgets of these establishments will total more than £20m this year.

The laboratories are part of the procurement function of the Ministry of Defence and primarily involved in project support for the two biggest sectors of the British aerospace industry, Rolls-Royce and British Aerospace.

The government inquiry began last year, has been headed by Lord Strathcona, Minister of State for Defence.

Consultative documents on the government's proposals for their transfer to industry of the two establishments are shortly to be sent by the Ministry of Defence to the industries and trade unions involved.

The proposals are in line with recent Defence Ministry efforts to strengthen the innovative function of the government's defence research and development effort.

The customer-contractor principle on which defence R and D has been run during the 1970s has tended to concentrate the scientific effort on relatively short-term targets.

The government expects to spend £457m in its own R and D establishments this year, of which salaries and wages will account for £242m.

Nearly two-thirds of the technical effort of these establishments is now devoted to project support, an activity in which both the government and industry believe industry's role should be strengthened. At the same time such moves are expected to speed up the transfer of developments from the research establishments into industry.

It is estimated that about half of the R and D programme of the National Gas Turbine Establishment is directly in support of Rolls-Royce, with the balance spread among a large number of small activities. The laboratory maintains major facilities for engine testing, complementary to those of Rolls-Royce itself.

'Tied' petrol inquiry urged

MR. JOHN FRASER, Opposition Frontbench spokesman on Consumer Affairs, yesterday called for investigation under the Competition Act of a trading practice which prevents filling station tenants and licensees "shopping around for the cheapest petrol."

He said many oil companies have sole delivery arrangements for petrol and lubricants.

"These tied trading arrangements need breaking, particularly at a time when oil prices are rising and an increase in the world price of oil seems to be reflected in the price at the pump almost immediately."

Mrs. Sally Oppenheim, Consumer Affairs Minister, told tim: "I share much of the concern and I have made clear my concern to Mr. Gordon Borrie, the Director-General of Fair Trading.

White Motor trucks will be assembled on Merseyside

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

ASSEMBLY OF heavyweight trucks from White Motor, of the U.S., will start in Britain in September.

A new private company, White Truck Concessionaires, has leased a 27,000 sq ft factory at Bromborough, near Ellesmere Port on Merseyside, and plans to produce around 150 right-hand-drive White trucks in the first year which should give it more than £4m sales.

Mr. Stuart Oates, managing director of Concessionaires, hopes eventually to build left-hand-drive White trucks for Continental customers. "The Americans are showing great interest in that idea," he said.

White Motor is one of the smaller U.S. truck makers with annual sales of more than $1bn. Using the Autocar and Western Star marques it produced about 12,500 vehicles last year.

White has been giving technical assistance to concessionaires in the assembly of the truck's cab. The truck, the Road Commander 2, is made from aluminium which has to be spot welded and sealed with a special sealant needing controlled oven curing. British Federal Welder and Machine Company, a Laird group subsidiary, is working with White and Concessionaires on these unusual techniques.

Fifty jobs will be created by Concessionaires, rising to 100 at the end of the first full year of assembly.

So far five UK dealers have been signed up, with a target of 15 by this time next year.

Concessionaires are being encouraged by the Americans to use as many locally produced components as possible which could mean an immediate demand for tyres, batteries, glass, trim, brake parts, springs and some electrical fittings.

Lloyd's investigation biased, court told

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A MEMBER of a Lloyd's committee investigating complaints against underwriter and broker Mr. Christopher Moran may have been biased against him, the Court of Appeal was told yesterday.

A High Court judge has held that there is a "triable issue" on the question of possible bias, but refused to grant Mr. Moran an injunction stopping Lloyd's continuing disciplinary proceedings against him.

Mr. Moran is to appeal against the refusal. Lloyds is cross-appealing against the finding on the bias issue.

Asking for the appeal to be expedited, Mr. Peter Scott, QC, told the appeal court that the first stage in a Lloyd's disciplinary procedures was a preliminary inquiry by an *ad hoc* committee—known as a Rota Committee.

On the basis of that committee's report, Lloyd's decided whether or not to initiate disciplinary proceedings by way of an arbitration.

If arbitrators concluded that the member complained of had been guilty of grave misconduct, the matter would go to a meeting of Lloyds at which the member could be expelled.

Mr. Scott said that as a result of the Rota Committee's report on complains agains Mr. Moran, Lloyd's had decided to start disciplinary proceedings against him.

It was public knowledge that the charges against Mr. Moran existed, but the details had not been broadcast, Mr. Scott added.

Mr. Moran had issued a writ seeking to stop the disciplinary proceedings. At a private hearing a judge had decided that there was evidence that a member of the Rota Committee had been biased against Mr. Moran. But the judge had said that the respective strength of Lloyds' and Mr. Moran's cases militated against the grant of an injunction against Lloyd's.

Mr. Moran was to appeal on the ground that the whole thing had in some way ben poisoned by bias in the committee, said Mr. Scott.

BL 'faces defection of U.S. dealers'

BY JOHN GRIFFITHS

BL COULD face the *defection* of half its 390 U.S. dealers in the next 12-18 months unless action is taken to reverse plunging sales, Mr. Joe Herson, the chairman of the U.S. dealers' association, warned yesterday.

U.S. sales of BL cars in the first five months of this year were 48 per cent below those of the corresponding period of 1979. The U.S. market as a whole is down about 30 per cent.

Last year the 42,504 Jaguars, Triumphs and MGs sold the only BL cars then on offer in the U.S. — were more than 11 per cent down on 1978. In 1977 they approached 70,000.

Unsold stocks of the sports cars, which provide about 80 per cent of the U.S. dealers' revenue, are increasing and Jaguar Rover Triumph, BL's U.S. marketing arm, yesterday announced rebates of $1,000 (£428) on TR7s, $750 on MGBs and $500 on Triumph Spitfires.

"It's conceivable that they *will get sales going again* over the next three months," Mr. Herson said. "But what we've really got to have is a *whole* new line of cars.

"Without them, it's going to be very difficult for a lot of smaller JRT dealers to survive. The only other way is to have another franchise and in many cases that is not possible, simply because the worthwhile ones are already taken. As things stand, there have just got to be defections."

The Rover 3500 went on sale in the U.S. at the start of May, with an initial sales target this year of 2,500. JRT said the car had been enthusiastically received and widely praised.

But one dealer said: "The Rover has no market in the U.S. In that price bracket, there is simply too much competition, and Rover's never been a name here." Previously, no Rover cars had been sold in the U.S. since 1971.

A delegation of dealers which visited Britain eight months ago are understood to have obtained a commitment that a new model would be investigated.

Howe in attempt to heal strain over Budget report

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

AN ATTEMPT will be made *this afternoon to heal the* strained relationships between the Government and the all-party Commons Treasury and Civil Service Committee.

Sir Geoffrey Howe, Chancellor, is due to make a private *appearance before the committee*, which has been highly critical of some main assumptions underlying Government economic strategy.

The session has been called to discuss the range of informa*tion which the Treasury is wil*ling to disclose. This follows complaints by the committee, in its report on the Budget, that excessive secrecy was hampering its work.

However, both sides believe that the central aim is to try to improve their relationship after the strains of the post-Budget hearings and report. Consequently, they want secrecy and Sir Geoffrey will be accompanied by only a couple *of officials. MPs will be without* their special advisers.

Treasury ministers have felt *the committee has concentrated* too much on highly uncertain detailed projections and too little on broad policy.

The view of the committee, chaired by Mr. Edward du Cann, Conservative MP for *Taunton, is that an examination* of such projections is essential to any discussion of policy ob*jectives.*

Relationships were not helped by the remarks earlier this month of Mr. Nigel Lawson, Financial Secretary to the Treasury. He said the committee had made a disappointing start and its Budget report failed to grasp the essence of Government strategy.

Ironically, the meeting with Sir Geoffrey follows indications that the Treasury is going at *least part of the way to meeting* committee criticisms of the handling of supplementary expenditure estimates.

Prelude

In its reply to a committee report the Treasury has said it will send estimates to all relevant departmental com*mittees. It will also try to pro*vide a longer tme for consideration than in the past—possibly providing the supplementaries a week or so in advance in proof form.

This afternoon's meeting will also be an important prelude to the *major* inquiry into monetary policy on which the committee is to take oral evidence from Monday. This follows the receipt of answers to a lengthy questionnaire on assumptions and detailed operations of monetary policy.

Nearly two dozen organisa*tions sent replies including not* only the Treasury and the Bank of England but also overseas central banks. These included the Swiss National Bank and West German Bundesbank. The International Monetary Fund is *however, understood to have* declined to comment.

Among others approached have been leading commentators such as Professor Milton Friedman and practitioners such as discount houses, banks and stockbrokers.

The oral hearings will start on Monday with the appearance of Professor Patrick Minford, from the University of Liverpool, one of the most prominent advocates of the role of monetary policy in reducing inflation through its impact on expectations.

This sesson will be followed by hearings with Bank of England officials on July 7, Treasury officials (July 14), Mr. Gordon Richardson, governor (July 21), and the Chancellor (July 28).

Meetings with academic witnesses may be arranged for the week beginning July 21. Further evidence may be taken after the summer recess. A report is expected in the late autumn.

Welsh language TV petition

A PETITION calling for a Welsh language television service to be established on the new fourth channel was yesterday presented to Mr. William Whitelaw, the Home Secretary.

The petition, handed in by Mr. Dafydd Wigley, Plaid Cymru MP for Caernarvon, con*tained several thousand signa*tures collected by two women from Clwyd. The Commons debates the Government's Broadcasting Bill today.

Figure of Buddha sold for £12,000

SALEROOM

BY PAMELA JUDGE

THE HIGHEST price on a quiet day at London's salerooms was £12,000 for a Buddha at Sotheby's auction of Tibetan, Nepalese, Mongolian and Indian works of art.

The Gandhara grey schist figure of the third-fourth century has an aureole behind the head, but this was described as "probably not belonging." A Tibetan bronze skull of the 15th-17th century fetched £1,400. The sale totalled £76,450.

At Christie's, Chinese ceramics and works of art went under the hammer for £30,735. Spink was successful at £1,700 for a pair of Empress Dowager yellow ground barrel-shaped garden seats. E. V. Lee paid £1,000 for a pair of deep blue glazed bowls, probably of the Kangxi period.

Oriental paintings, prints and scrolls at Christie's South Kensington amounted to £10,632 for *180 lots. An album of Indian* erotic miniatures went for £3,000.

Silver in the same rooms made £14,595. Seegull, London, gave £1,000 for a set of four candlesticks by John Green and Co., Sheffield, 1819.

Burton Group takes main site in Oxford Street's 'West One'

BY MICHAEL CASSELL

THE BURTON GROUP has finally signed an agreement to become the main tenant in Oxford Street's "West One" shopping complex, now being developed by MEPC.

The deal comes after more than six months of delicate negotiations when at one stage it looked likely that Burton would withdraw because of objections to some design aspects of the scheme.

Failure to agree with Burton would have been particularly embarrassing for MEPC, which last year tried unsuccessfully to sign up the Wallis fashion group for the same space.

Burton is to take 3,200 sq ft on the ground floor of "West One" and another 22,571 sq ft on the first floor. The two levels of the £25m covered shopping scheme are linked by escalators within the Burton space and between the common public areas.

At a time when Oxford Street is experiencing one of its most difficult trading periods for several years, the terms of the agreement are, therefore, of special interest.

Although no details of the Burton agreement have been issued, *the terms do not consti*tute a new rental record for Britain's premier shopping street.

Last year, Wallis was being asked to pay a base rental of about £400,000 a year, which would then be adjusted upwards on completion of the scheme. A similar base rental is thought to have been agreed with Burton, which will also be required to pay an additional sum based *on a percentage of turn*over for the store and assessed at the end of the first year.

If the arrangement follows the pattern widely established in North America, the additional rental will amount to somewhere between 6 and 8 per cent of sales.

The entire "West One" scheme comprises 45,566 sq ft of shopping space on three levels together with 43,600 sq ft of offices and is located at the *corner of* Oxford Street and Davis Street, above Bond Street underground station. The first of the 27 other shop units is due to be fitted out in the early autumn and could be open by March 1981.

Mr. Christopher Benson, managing director of MEPC, said yesterday: "I am delighted that Burtons have taken this unit, which is not only a major expression of confidence in our scheme but also reinforces our belief in the long-term success of Oxford Street."

With the help of agents Jones *Lang Wootton and* Edward Erdman, MEPC will now begin a carefully-paced lettings programme for the remaining units. It does not anticipate any difficulties for these now that the all-important "anchor" site has been let

Company to make 140 printers redundant

By James McDonald

"A RAPID and severe decline in the general print market, over-capacity in the UK, severe competition from abroad, and pressure on margins," have forced Sir Joseph Causton and Sons *(Eastleigh) to negotiate a* cut of 140 jobs at Brookwood Avenue, Eastleigh.

The company—a subsidiary of printers Sir Joseph Causton and Sons—is consulting the three print unions involved, the *NGA, NATSOPA and SOGAT* about the redundancies, which would reduce the workforce to 396.

Sir Joseph Causton (Eastleigh) is part of the group's Eastleigh Division—the largest *of its six divisions. In the year* to last September the average weekly number of the group's employees and its subsidiaries was just under 1,000.

Only at the end of last month the group announced that in the *half-year to March 31 this year,* taxable group profit had risen 43 per cent to £502,000 and that group turnover for the period was £5.09m (£4.3m) after taking out material content of £1.9m (£1.7m).

At the time, however, the board warned that the short-term outlook was uncertain. *Trade union action had caused* disruption in April and May,

Sasse syndicate audit date extended

By John Moore

AN EXTENSION to the audit date for the troubled underwriting syndicate, formerly headed by Mr. Frederick Sasse, has had to be sought from the Department of Trade, the ultimate supervisory body of the Lloyd's market.

Mr. Peter Green, Lloyd's *chairman, told members that* the audit of underwriters' accounts as at December 31, 1979 had been completed for all syndicates, other than those involved in the Sasse affair.

The Department of Trade has granted an extension to the audit date. The usual audit completion date is May 31 but *the syndicates under the Sasse* group's management, including syndicate 762 which is facing £20.2m of losses, has been extended until July 31.

Hadfields offers to manage Shotton steelworks

BY RHYS DAVID

HADFIELDS. THE Lonrho steelmaking subsidiary, has made a formal offer to the British Steel Corporation to take over the management of its Shotton steelworks in North Wales on a contract basis.

The proposal would enable 1,000 men to be re-employed at the slabmill where steelmaking *has already been axed with the* loss of more than 6,000 jobs. Hadfields also wants to take on the £80m finishing complex completed last year.

The proposal has been sent to Sir Keith Joseph and Sir Charles Villiers the retiring chairman of BSC, although the *Corporation has indicated that* it regards the scheme as a non-starter.

Mr. Derek Norton, the chairman of Hadfields, said in Sheffield yesterday that private sector management of Shotton would give users of steel strip an alternative UK supplier to the BSC. He claimed that *imports of steel,* which were 250,000 tonnes in the month before the national steel strike, had risen to 700,000 tonnes in April and 600,000 tonnes in May. A success could be made of Shotton by the private sector *without BSC losing a single* tonne of demand simply by replacing imports.

The Hadfields team claims that the BSC has denied it any financial information on Shotton and that in drawing up its report it has had to supplement its own evaluation, based on a two-day visit, with *published* data.

The report concludes that the restoration of steelmaking at the plant would cost more than £100m but it would not be expensive to re-commission the slab and hot rolling mills.

The Lonrho plan is to buy ingot—from the BSC or other *suppliers depending on price*—to feed these mills which would then supply the finishing complex. The BSC's current strategy is to feed the finishing complex with hot rolled coil from Ravenscraig in Scotland.

The size and cost of the finishing complex was strongly *criticised by Mr. Norton, who* claimed that if the plant was to make money production would have to be more than 90 per cent of its capacity. However, he described as staggering the unsolicited offers received by his group from potential customers if Shotton were to revert to the private sector.

Mr. Norton said yesterday that the financial arrangements in any deal would have to be worked out in talks with the BSC. He envisages a profit-sharing scheme, with Lonrho *taking a substantial cut on top* of its management fee if it could make the works profitable.

Comercial decisions such as pricing and marketing would be in the hands of Lonrho, which would need to instal only a comparatively small team in the works.

The Lonrho investigation into Shotton was made at the request of Clwyd County Council and the Shotton *Workers Action Committee,* and it is not clear how seriously Lonrho expects its offer to be taken. Mr. Norton suggested yesterday, that losses at the BSC this year would be £1bn. *This would force the Govern*ment to consider breaking up the Corporation and returning it to the private sector.

Alan Pike writes: BSC said last night that it would await Hadfields' written proposals before making any formal reaction to the offer. But there *is no indication that the* Corporation is likely to modify its present position towards Shotton, which is that the plant is not for sale

Rooker intervention call rejected

BY IVOR OWEN

THERE WILL be no intervention by Mr. George Thomas, the Speaker, to require Mr. Jeff Rooker (Lab., Birmingham Perry Barr) to substantiate or withdraw the "bribes" charge he levelled against Rolls-Royce on the floor of the Commons last week.

He made this clear in the Commons yesterday, when Tory backbenchers complained of abuse of the absolute protection provided to MPs by Parliamentary privilege.

The Speaker told the House: "Every Member must take full personal responsibility for any statement he makes in the House.

"It is not for me, as Speaker, to express a view, or purport to impose any action, upon the substance of any such statement that is made.

"It is not for me to take away privileges of Honourable Members."

The matter was raised by Mr. Peter Rost (C., Derbyshire South East), who recalled that Mr. Rooker had accused Rolls-Royce of industrial espionage and charged one of its managers of accepting bribes.

"The person so accused is one of my constituents, and is unable to defend himself because the allegations were made under the protection of Parliamentary privilege."

Labour MPs rallied to the defence of Mr. Rooker, whose absence from the Chamber brought cries of "Where is he?" from the Tory benches.

Mr. Rost stressed that the "grave charges" made by Mr. Rooker had been strongly denied by Rolls-Royce and by his accused constituent.

He sought the guidance of the Speaker on how he could obtain justice for, and protect the rights of his constituents, whose best interests he had been sent to the House to defend.

"I refer not only to the individual accused of corruption, but also to the charges against Rolls-Royce management as a whole, many of whom are my constituents."

Mr. Rost called for an immediate personal statement from Mr. Rooker substantiating in detail, and laying before the House the evidence, on which his "defamatory allegations" were based.

He asked the Speaker if he was satisfied that, without such a personal statement by Mr. Rooker, the reputation and absolute privilege of Parliament would not be abused.

Mr. Rost also suggested that, if detailed evidence was not provided, it would be appropriate for Mr. Rooker to withdraw the charges he had made.

After the Speaker had made it clear that he did not intend to call on Mr. Rooker to make a personal statement, the views expressed by Mr. Rost were supported by Sir Derek Walker-Smith, (C., Hertford East).

Sir Derek, the senior Tory MP on the House of Commons Privileges Committee, contended that there were considerable misgivings in the country that the high and historic purpose of the Parliamentary privilege of freedom of speech was in danger of abuse in the House.

He pointed out that Erskine May, the authority on Parliamentary procedure, underlined the fact that it was only as a means of ensuring that the House could effectively discharge its functions that individual privilege was enjoyed by its Members.

Amid further Tory cheers, Sir Derek argued that, whatever limitations there might be on the jurisdiction of the Speaker, the House itself had an inherent jurisdiction to "punish its Members for contempt."

He suggested that all the issues involved should be referred to the Committee of Privileges for examination.

The Speaker immediately reminded MPs that a change of rules, introduced last year, required that applications for the reference of complaints to the Committee of Privileges should be submitted to him in writing in the first instance.

"We are not going to get any further with points of order today," he said.

Mr. Michael Foot, Deputy Labour leader, expressed gratitude for the ruling given by the Speaker and criticised the views expressed by Tory backbenchers.

Support for Mr. Rooker also came from Mr. David Winnick (Lab., Walsall North) who contended that it would be quite wrong to inhibit MPs from making statements which they considered justified on the basis that they might harm certain people.

It also became known last night that the House of Commons Trade and Industry Committee may initiate an inquiry of its own into the aero-engine interests of Rolls-Royce.

Duffy threatens sanctions against Labour Party

BY PHILIP BASSETT AND CHRISTIAN TYLER

Mr. Terry Duffy, president of the Amalgamated Union of Engineering Workers, warned yesterday that the AUEW would refuse further requests for funds from the Labour Party if it persisted in its internal wrangling.

The AUEW, which contributes nearly £300,000 annually to Labour Party funds, has already said that it will vote at the conference against mandatory reselection of MPs and in favour of the present system of electing a party leader and drawing up the manifesto.

But yesterday Mr. Duffy said that unless the party abandons policies which are out of line with the AUEW's thinking, his union might well refuse the party's next request for money.

Although its political fund is reportedly healthy, the union is facing a cash flow problem on general account. It has set up a £900,000 overdraft facility and has deferred the backdating of its recent 26 per cent pay increases for its officials, mainly because of its recent large strike payments.

Mr. Duffy said there was a limit to union funds for the party. His union did not mind putting money into the party, but they did expect the party as a result to be able to secure a government sympathetic to the trade unions.

He added: "We are not happy with the party's warring with itself. Unless it mends its ways we will not respond. Stop warring and get on with the return of the Labour Government."

Mr. Duffy's warning follows the AUEW's decision to pay its Labour Party affiliation fees in two halves this year. The AUEW is also reducing its numbers affiliated to the party to below 900,000.

The electricians' union, the EETPU, has also brought pressure to bear on the left within the Labour Party. It has kept the amount paid to central party funds down to last year's level of £22,000, despite an increase in affiliation fees. More cash would thus be available for supporting local Labour parties.

The EETPU refused the party's plea last year for early payment to help it out of a financial problem.

Party finances are one of the main subjects of the Labour Party Commission, which is due to meet again on Friday to draw up its report. The Commission proposes raising the amount paid by trade union affiliates from 32p to 50p a year, and to increase the constituency party affiliation fee to £2.50 per head.

Liberals delighted with newest disciple

By Elinor Goodman, Lobby Staff

MR. ROY JENKINS, President of the European Commission and Leader-in-Waiting of the new Centre Party, yesterday won over his first recruit—to the existing Centre Party.

Mr. Aubrey Jones, a former Conservative Minister and Head of the Prices and Incomes Board, formally announced he was joining the Liberal Party. He thus became the first former Minister to join the Liberal ranks since Christopher the Labour benches in the Mayhew crossed over from mid-sixties.

Mr. Jones, who represented the Hall Green division of Birmingham for 15 years, has not played an active part in Conservative politics since he became Chairman of the PIB in 1965. His disenchantment with the Tories has been a gradual one.

What finally precipitated him into the hands of the Liberals was Mr. Jenkins' speech about the need for a new Centre Party.

Mr. Jones agreed about the need to break up the present Party system, but he felt it would be quite wrong to "dissipate the effort" by starting a new Centre Party when the Liberals were already occupying the middle ground.

The sensible thing for Mr. Jenkins to do, he said yesterday to the obvious delight of his new Leader, Mr. David Steel, would be to join the Liberal Party.

Though Mr. Jones had taken a long time making his conversion, the Liberals were plainly delighted yesterday with their newest disciple. Mr. Jones, they claimed, was just the tip of the iceberg.

For his part, Mr. Jones obligingly attacked his old Party for deserting its principles. The Tory Party today, he said, was not the Party he had joined.

What was more, he was sure that former colleagues like Sir Anthony Eden would have felt the same way had they been alive today.

The people at the top of the Conservative Party today, he said, were returning to the 1930s by trying to "cower" the trade unions. If the Conservative Party had ever meant anything, he maintained, it was unity. And that was no longer true.

Mr. Jones also laid into the Government's monetary policies and accused it of the kind of racist attitudes of the Midland Tories who had tried to force him out of his seat in the mid-Sixties.

He also broadly endorsed the Liberals' belief in the need for an incomes policy—but it was clear at yesterday's press conference that his ideas on this subject were not exactly the same as those of the Party leadership.

But, as the Liberals were at pains to emphasise yesterday, the Liberal Party is a broad church—happy, but not begging, to accept converts from the other parties.

RAF Minister announces new recruitment scheme

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

TWO NEW incentive schemes to attract university graduates and sixth formers into the Royal Air Force were announced in the Commons yesterday by Mr. Geoffrey Pattie, Minister for the RAF.

University bursaries will be offered to candidates who are prepared to take a short service commission in the RAF. The existing university cadetship scheme is restricted to those who commit themselves to a regular career in the RAF before going to university.

But Mr. Pattie argued that the length of commitment was a disincentive to those who were otherwise attracted to the Service. The new short term scheme would tap this potential source.

In addition, sixth form scholarships will be offered to encourage 16-year-olds to focus their interest on the RAF with a view to joining as an officer at the age of 18.

Details of both these schemes will be announced at a later date.

Mr. Pattie also said that the Government was considering ways of improving the role of civil aircraft in reinforcing British troops in Europe in case of a military emergency.

One possibility, he said, might be to recruit civil air crew into a special reserve. He pointed out, however, that a similar scheme was tried some years ago and was not particularly successful.

Mr. Pattie told the House that the first Tornado ground attack aircraft is to be delivered to RAF Cottesmore in the next few days for the training of British, German and Italian air crew to begin early in 1981.

The Tornado is produced jointly by the three countries and will form the front line aircraft of the RAF during the present decade.

The Minister said that recruitment had improved and the number of officers applying for premature release dropped to 316 last year, a reduction of 50 per cent on the previous year. The picture for airmen was equally encouraging.

In 1979/80 the RAF recruited a total of 11,261 UK personnel, which was 11 per cent higher than the previous year and the highest for seven years. But there were still areas of concern. Notably, the recruitment of officers had fallen short in some important ground jobs, particularly engineers and fighter controllers.

Dealing with the general air defence picture, Mr. Pattie said that the Government's commitment to flexibility should not be interpreted as a "sell out" or an acceptance that financial stringency would defeat its defence plans.

He repeated warnings that Britain faced an ever growing threat from the "relentless build up" of Warsaw Pact armed forces.

British Gas 'should have majority' equity stake

THE GOVERNMENT is failing to safeguard the national interest by giving the British Gas Corporation only a 30 per cent stake in the company which will pipe gas from the North Sea, the Opposition claimed yesterday.

Dr. David Owen, Shadow Energy Secretary, told the Commons that BGC should be given a majority 51 per cent equity stake in the recently announced £1.1bn project.

However, Mr. Hamish Gray, Energy Minister, argued it was not necessary for a nationalised industry to hold the majority equity in the new company in order to safeguard the national interest.

Even so, BGC seemed likely to hold the largest stake, he assured MPs. "We see no point in committing more public money when plenty of private capital is available."

Dr. Owen said there was a national interest in ensuring that the British citizen received gas supplies "at a reasonable price" and that through proper conservation supplies "lasted into the next century.

"This is a matter of major concern," Dr. Owen said. "The Minister refuses to come to the point, that is, how will the national interest be safeguarded if there is only a 30 per cent equity shareholding."

Dr. Owen also pressed the Government to write into the statutes of the new company a right for the Department of Energy, in certain prescribed areas, to intervene to safeguard the national interest and lay down criteria about how the company should operate.

Mr. Gray retorted: "The gas will be landed in this country. It is not a prerequisite of any scheme to ensure maximum national interest that a nationalised industry should have a majority stake."

● Coal Board plans for a test scheme to produce petrol from coal are nearly ready, Mr. John Moore, Energy Under-Secretary, said during questions yesterday.

Mr. Moore told MPs that design studies for a £55m pilot plant to test processes developed by the NCB were nearing completion.

Based on NCB technology, Mr. Moore said about 20 pounds of coal would be needed to make one gallon of petrol. It would cost about 25 per cent more than ordinary petrol.

But he resisted Labour calls for the Government to provide more cash for the research now. The Government was still considering what level of support it should offer.

Laggers bonus 'may hit projects'

BY NICK GARNETT, LABOUR STAFF

THE PROBLEM caused by open-ended bonuses to laggers was so serious it risked the UK's ability to carry out big construction projects one of the industry's main union leaders told the Commons Select Committee on Energy yesterday.

Mr. John Baldwin, general secretary of the Amalgamated Union of Engineering Workers' construction section said laggers, or insulation engineers, working in the North East had for a time earned £1,200 a week in bonuses.

Laggers were at the centre of the Isle of Grain power station dispute which unions and employers are attempting to solve.

But the laggers were just one symptom of poor industrial relations practices and inter-union conflict afflicting the industry, Mr. Baldwin said.

On construction sites he said: "We've been in the jungle fighting like savages. A national agreement covering all groups on construction sites was an absolute necessity if this was to be removed."

The committee is inquiring into the Government's nuclear power programme and has been told that the problems on construction sites. Among other things, these result from inter-union disputes, especially at the Isle of Grain.

The General and Municipal Workers' Union, which organises laggers in England and the Central Electricity Generating Board, the Isle of Grain client, are to give evidence this week and next.

In written evidence to the committee, the board said price rises resulting from delays in completing the Isle of Grain project had increased its cost by £271m. The original estimate was £214m.

Appeal to Joseph over CAA snub

By Philip Bassett, Labour Staff

LEADERS of 2.5m engineering workers are seeking a meeting with Sir Keith Joseph, Industry Secretary, over the refusal of the Civil Aviation Authority to meet the unions on its decision to buy foreign rather than British radar equipment.

The Confederation of Shipbuilding and Engineering Unions, already angered at the decision of the CAA to purchase the initial £2.5m portion of a defence equipment order from Dutch and US sources rather than the British companies of Plessey or Marconi, was disturbed still further when the CAA refused even to meet it to discuss the decision.

The Confederation immediately requested a meeting following the CAA's announcement to buy foreign equipment for the first phase of ground radar equipment for civil airports in the South-East. The union was concerned that awarding the contract abroad foreshadowed a similar decision on the far more substantial £400m radar defence system contract.

They were surprised to receive a reply from Sir Nigel Foulkes, CAA chairman, telling them: "I do not think any purpose could be met from a formal deputation of the confederation," he said in his letter that the CAA had chosen foreign equipment because no British system was sufficiently developed to meet the authority's needs in the time allowed.

CSEU leaders said yesterday that his refusal to meet them was unprecedented.

The confederation again requested a meeting, but was told in a further letter from Sir Nigel: "No conference with trade unionists or MPs will change the CAA's air traffic priority."

Mr. Alex Ferry, CSEU general-secretary, said that the confederation had requested a meeting with Sir Keith over the CAA's refusal to negotiate and to discuss with him its fears about the future of the whole of the country's engineering manufacturing sector.

An all-embracing session, but slimmer on the Statute Book

BY PHILIP RAWSTORNE

FROM BEES and Companies to Shipbuilding and Zimbabwe—the Government's legislative programme this session appears to have been as all-embracing as its immediate predecessors.

In addition Parliament has legislated for such esoteric purposes as pensions for deaconesses and the Van Diemen's Land Company.

For a Government that promised less government, it has made a satisfactory start.

Since it took office in May, 1979, 33 new Acts have been put on the Statute Book. Another two await Royal Assent. Seven consolidation measures—updating and bringing together a variety of laws—have also been passed.

Before the unusually long session ends in October, another 19 Bills will be pushed through Parliament.

Though the weight of legislation appears undiminished, the session's probable total of about 60 new Acts is distinctly fewer than MPs have become used to handling in recent years.

In a much shorter opening session in 1974-75, the last Labour Government put through 83 Bills. In the following session it passed another 88.

Even in 1978-79, when lack of a Commons majority trimmed its political ambitions and a general election cut short its parliamentary time, the Labour Government pushed 47 Bills into law.

But as Mr. Norman St. John Stevas, Leader of the Commons and the Government's business manager, has discovered, fewer Bills do not guarantee shorter hours.

"It takes two to tango," he told MPs who asked him last week when the Commons was going to rise.

Labour may have been diverted from fully effective opposition by internal bickering, but its delaying tactics have caused problems.

The Government has four times had to resort to using the guillotine to speed important legislation on education, housing, and social security.

Few governments have had to be so ruthless — though Mr. Michael Foot once introduced five Labour guillotine motions in one day.

The Housing Bill's line-by-line discussion went on for 138 hours, over three months; the Transport Bill's provisions were subjected to 107 hours of scrutiny over four months.

The Health Services and Employment Bills each took two months in Commons committees. This contrasts with the time spent on measures such as Iran sanctions which, with Labour co-operation, went through both houses in a week.

The Government itself made time-consuming errors. The Local Government (Planning and Land) Bill was so long and unwieldy that a clause was detached to form a New Towns Bill.

Legislation to reform the official Secrets Act was withdrawn after public and political hostility increased. The Education Bill ran into unexpected trouble with the Government's supporters in the Lords over provisions for withdrawing free school transport.

Most of the Government's outstanding legislation has now reached the Lords. The peers have a very full timetable — some dozen Bills, headed by those dealing with housing, employment broadcasting and the gas industry, are at various stages.

The Commons has only just begun to consider the final measure in the Government's programme, the Coal Industry Bill.

Both Lords and Commons will certainly have to sit into early August and return for at least two weeks in October to complete the inaugural work.

But on these foundations the Government has promised to Bill a miniscule amount of statute next session.

BBC unions accept 15% pay increase

BY PAULINE CLARK, LABOUR STAFF

UNIONS representing about 28,000 BBC staff have accepted a 15 per cent pay rise—about half their original claim.

Mr. Tony Hearn, general secretary of the Association of Broadcasting Staff, said yesterday union branches had decided on acceptance after being consulted about a management warning that any higher increase could cost jobs.

The union had meanwhile agreed at its annual conference not to pursue its earlier reference on pay to the Central Arbitration Committee, which adjourned its hearing in March pending settlement of the annual pay negotiations.

The CAC was studying a 29 per cent claim aimed at closing the gap between BBC pay and rates paid to comparable staff in commercial broadcasting.

The agreement will have come as a relief to BBC management, which had calculated that every 1 per cent rise over the limit of its wage budget could mean a loss of about 230 jobs.

Two months ago the BBC announced a cuts programme aimed at saving £130m and involving the loss of 1,500 jobs. It is already facing industrial action by musicians over the effects of the cuts on orchestras.

The new deal, backdated to April 1, will add about £28.5m to the present annual £190m wages bill. This excludes £9.5m spent recently on a London weighting award to the majority of the BBC's London staff.

NGA calls for unity against Government

BY JOHN LLOYD, LABOUR CORRESPONDENT

A DEMAND for united trade union action against the Government's employment legislation came yesterday from the National Graphical Association, the print craftsmen's union.

The union placed itself in the vanguard of future action when Mr. Joe Wade, its general secretary, told the biennial delegate conference in Blackpool: "This union intends to go on wading in with the TUC's campaign against the Government's industrial legislation—and if we don't get TUC support we intend to go wading in on our own."

He repeated his willingness to be imprisoned as a consequence of the fight against Government policies, and said that the union would be putting its funds at risk.

"But if they (the Government) will not listen to the voice of reason, then let them feel the weight of our industrial muscle power."

Th conference rejected a motion calling for a basic rate of £95 a week—an increase of about 19 per cent on the £80 basic recently achieved by the union after taking industrial action—after its executive said that the target was not high enough.

The union is committed to making a 35-hour week a "top priority," but set no time limit. Agreements already reached will bring in a 37½ hour week next year.

It was revealed that the union had spent over £600,000 on disputes in the past financial year, much of that on The Times.

It is expecting increased demands on its strike fund in the coming year.

Mr. Wade said he was "under no illusion" that the agreement with Times Newspapers meant that the war over new technology had been won, but he believed "that sooner or later some renegade employer will be seeking to take us on again".

Protest at result of re-run poll

By Our Labour Editor

AN OBJECTION has been lodged by at least one defeated candidate in an important election in the Electrical and Plumbing Trades Union.

For the second time Mr. Wyn Bevan, Left-wing convener at the British Steel Corporation's Port Talbot plant in South Wales, has won the contest for the regional seat on the union's governing body.

Mr. Bevan's victory last year was ruled null and void by the EPTU executive, which has a majority of Right-wingers. The ruling followed complaints of alleged political interference from supporters of his campaign.

In a fortnight the executive will consider similar objections arising from the second election. The result, counted earlier this month, gave Mr. Bevan 3,698 votes and his nearest rival 2,677 after exhaustion of the single transferable vote procedure.

Mr. Bevan, a Labour Party Left-winger, was opposed by three moderates: Mr. John Crabb, from Devonport; Mr. Colin Hudson, a former steelworker from Ebw Vale; and Mr. Wally Haines, an engineer at a Cardiff hospital.

Heseltine confronted on housing

By Robin Pauley

LOCAL AUTHORITY leaders, angry at the implications of the Government's cuts in money for housing, will confront Mr. Michael Heseltine, Environment Secretary, and Mr. John Stanley, Housing Minister at a specially arranged meeting today.

The extra meeting of the Housing Consultative Council has been called at the request of the Association of District Councils.

"We think the housing figures in the Public Expenditure White Paper cannot be met without dire consequences for families in need of housing and for the housebuilding industry." Mr. John Morgan, the association's housing chairman, said last night.

Hugh Routledge

Mr. Mark Carlisle, Secretary of State for Education, yesterday welcomed Mrs. Shirley Hufstedler, U.S. Secretary of Education, to the Department of Education and Science, as part of her five-day visit to London.

Engineers' clash averted

BY PHILIP BASSETT

A TWO-UNION clash has been averted over the strategy for this year's pay claim in the engineering industry.

The Transport and General Workers' Union and the Amalgamated Union of Engineering Workers had put forward different pay motions to the annual conference being held this week, in Llandudno, of the Confederation of Shipbuilding and Engineering Unions which handles pay negotiations with the Engineering Employers' Federation.

The vehicle building and motor group of the TGWU sought a minimum time rate of £100 a week for engineering craftsmen whereas the AUEW wanted instead a claim specifying no more than the intention to seek "substantial increases."

● Yesterday senior members of British Leyland Cars Management met the confederation Executive in Llandudno and confirmed that the company is to withdraw from the EEF by July 31.

Paper rejected

By Our Labour Editor

A POLICY PAPER on trade and industry, destined for the annual Trades Union Congress and the Labour Party conference, was sent back for re-drafting yesterday after consideration by members of the TUC-Labour liaison committee.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● MATERIALS

Carbon fibre from low cost tow

EIGHT YEARS' work on the development of a process to make carbon fibres and pre-oxidised fibres have given a British company ability to use commercial-grade acrylic fibre of standard textile tow type as the precursor (i.e. raw material) of the process.

The plant can produce high modules, high tenacity fibres for aerospace and other high technology applications, and will produce pre-oxidised carbon fibre as a replacement for asbestos.

R. K. Textile Composite Fibres of Stockport which carried out the deevlopment has manufactured and delivered a plant to produce the fibres for a European client. The project has been funded entirely by the company, with no external aid. The value of the project is approximately £475,000.

A major part of the development programme for the product has been the development of techniques to allow processing of carbon fibres to yarns and fabrics on conventional textile machinery. This aspect of the work has been supported and monitored by Airlie Associates.

R. K. Textile can thus provide full information on the processing of various qualities of carbon and pre-oxidised fibre into yarns, fabrics and certain non-woven and composite products.

This project is the first of several under discussion to reach completion. R. K. Textile is in negotiation with a number of major UK, European, Japanese and U.S. companies for the supply of similar plant.

Sheet forming equipment can be supplied for processing the precursor tow into a uniform sheet for passage through the plant. Beam creels are provided to permit unwinding/rewinding to be a continuous process with intermediate tension held at a pre-determined value.

Ovens are of the forced convection type, electrically heated, the sheets being "floated" through each pass yet having no contact with the oven. Optional carbonisation plant (for the production of carbon fibre) includes a low temperature nitrogen furnace, high temperature (+1250 degrees C) furnace and surface treatment unit.

All controls for the production process are incorporated in a data logger system which continuously monitors temperature distribution and other plant parameters.

Facilities for the application of finishes and resins for further processing are provided to individual customer requirements.

Pre-oxidized material—PANOX—is finding application in fireproof garments, ablative structures, brake linings and in replacement for asbestos-based cement mixtures.

An activated version of this product provides absorption characteristics substantially superior to charcoal: it is finding application in absorption of toxic gases, fumes, liquids, etc.—and in the extraction of precious metal residues from mining waste.

R. K. Textile Composites Fibres, Heaton Norris, Stockport SK4 2BE. (061-432-0879). Airlie Associates, 80 Roewood Lane, Macclesfield SK10 2PQ. 0625 25065.

Protects circuit boards

A RANGE of protective coatings for printed circuit boards has been developed by Electrotube. Damage can be caused to printed circuit boards by adverse industrial environments, perspiration during handling, thermal shock or high altitude conditions.

The new coatings are based on single-part modified resins and there are two standard grades: Electrotube SCC3 and Electrotube PAJ 300. The former has been designed and tested to meet the most stringent specifications including high altitude and high vibration tests. It can also be soldered through.

The second grade is stated to meet all the environmental requirements with the special characteristic that it can be removed by using fluorocarbon solvents either by dipping or aerosol techniques.

Both products can be sprayed, brushed or dipped and have passed Ministry of Defence requirements for temperatures between minus 60 degrees C and plus 125 degrees C. Modifications of these conformal coatings are available for special applications.

Location of Electrotube is Blakes Road, Wargrave, Berkshire (073 522 3014).

● HEATING

Tight control of fans

AN ELECTRIC fan heater control can produce substantial energy savings at it will maintain a general room temperature with 1 deg C. Providing the output of the heater is matched to the room, the control unit will automatically compensate the room temperature for opening doors or windows and for persons leaving or entering.

Other control methods result in a temperature variation that tends to follow a hysteresis of at least ±5 decs C which gives a "hot and cold" effect in the room being controlled.

Once the room temperature is achieved, triacs are used to switch 1, 2 or 3kw to maintain that temperature. The fan is kept running constantly to destratify the air, thus giving an all-round even level. By switching in at the correct level, the heater appears to be blowing warm air for long periods thus not adversely affecting the comfort of any person in the room by blowing cold air.

The control circuit is designed in such a way that the triac switches at zero voltage, that is, the changeover point in the AC cycle. In this way, the problem of radio interference is overcome.

NSF Controls, Fence Houses, Houghton-le-Spring, Tyne and Wear DH4 5RG. 0535 61144.

● CONSTRUCTION

Roofing solves a problem

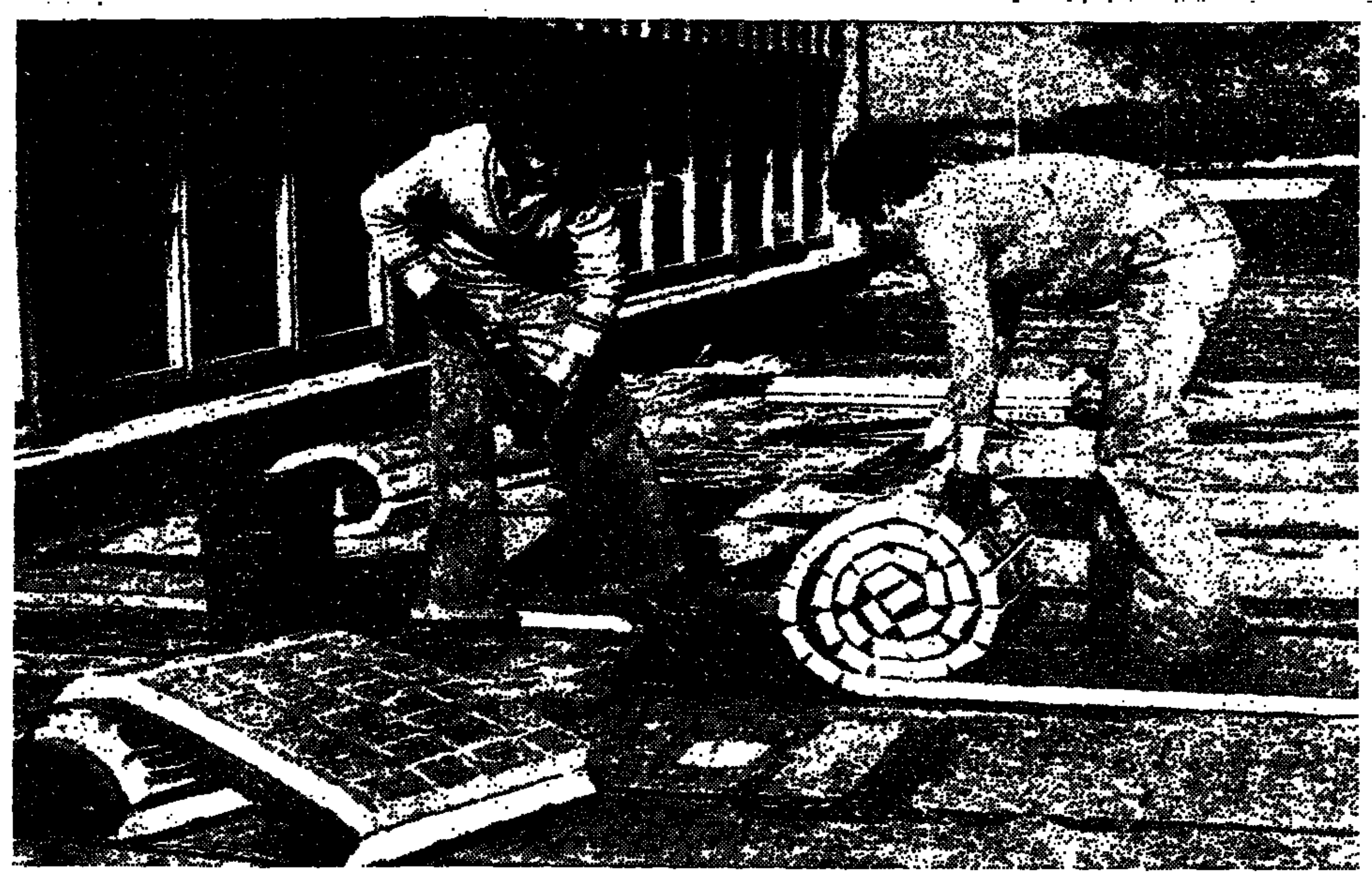
IF THE major part of the local authorities' estimated £100m backlog for urgent building repairs relates to remedial work on flat roofs, as appears to be the case, one UK group may need to accelerate its plans for production in Britain of a novel solution to roofing problems which appears to be the first and only attempt to integrate weather sealing with heat insulation and prevention of condensation.

This material, Tekurat, was evolved in West Germany and is being applied in roofing contracts for new and refurbished buildings by Evode Roofing of Stafford. The UK company has plans to decide on local manufacture this autumn and, on that basis, should have a plant on stream in the spring of 1982.

The laminate, which is made by a continuous process, has an upper face of a high quality felt bonded to an extruded polyurethane rigid foam sheet which has a reinforcing core of a strong web of textile material.

The under face is profiled to form a pattern of 5mm deep channels at right angles to each other and faced with aluminium foil.

This part of the design is, in many ways, the most important feature of the product since it allows water vapour generated within the structure to escape to atmosphere with minimal heat loss, through vents at 10 metre centres. There is no interstitial condensation, a phenomenon which has been shown as the main cause of blistering in conventional flat roofs to which various types of thermal insulation have been applied.



The secret of the energy-saving aspect of the laminate is the fact that the channels under the insulant create a zone of still air in which there are no convection currents, but which is on the warm side of the barrier, so condensation is prevented. However, since the zone is connected to the external atmosphere, the moisture vapour inside the building, which is at a higher partial pressure than that outside, will tend to diffuse to atmosphere according to Dalton's Law.

Foam used in the manufacture of the material is of a specification to give a much higher fire resistance than with standard foams. Bulk density of thermal conductivity is 0.022 Watts per metre per degree C.

Standard thicknesses are 32mm and 45mm and with more than 95 per cent closed cells in the structure, the material has a very high resistance to water absorption or to water vapour penetration.

Both thicknesses come in 10 metre rolls 0.5 metres wide and felt overlaps are provided. Hot bitumen fixing will not damage or distort the material which can survive 250 degrees C without gassing for a brief period.

Metal decks, concrete and screeded surfaces are suitable, both flat and pitched, and the material can also take shallow radii for curved roofs.

Awareness of the properties of this remarkable solution to a major building problem is beginning to penetrate into the industry which is finding its application a boon since there is no need to rehouse tenants as the work proceeds.

Further information on the roofing system from Evode Roofing, Common Road, Stafford, ST16 3EH. 0785 45121.

● INSTRUMENTS

Analyses signals in two modes

SIGNAL analysis at frequencies up to 20 kHz can be performed with an instrument just released by B & K Laboratories. It provides all the basic measurement facilities needed for conventional fast fourier transform (FFT) work but has the addition of an instant non-destructive "zoom" facility which allows resolution in any part of the spectrum being examined to be increased tenfold where necessary and without destroying the original time function.

The facilities are made possible by a very large input memory which in combination with an extremely flexible trigger enables the instrument to analyse both continuous and transient data in conjunction with its more conventional fourier analysis system.

Operating as a 400 line FFT analyser the unit samples the input and transforms it 1,000 samples at a time into the frequency domain, so presenting a constant bandwidth spectrum on the screen at 400 equally spaced intervals across any selectable range within 0 to 20 kHz.

As a high resolution device, operating on 10,000 samples of the input, any selected tenth part of the spectrum can be "zoomed" in on.

More about the unit, designated 2033, from the company at Cross Lances Road, Hounslow, Middlesex (01-570 7774).

Gauge works deep down

FOR OPERATIONS down to depths of 600 feet, an ultrasonic gauge from Wells Krautkramer allows the thickness of submerged structural members between two and 300 mm to be measured to an accuracy of 0.1 mm.

Design has been in close collaboration with divers resulting in an instrument with no external controls that can be easily used with one hand. The nylon-bodied torch-like instrument has a replaceable ultrasonic probe within the front end which is spring loaded to maintain constant pressure against the work being examined. Movement of the probe against the spring pressure switches the unit on and off automatically, preventing unnecessary battery drain. At the other end an oblique face is moulded on which the three digit display is mounted.

A charging socket is provided which is sealed during use and this orifice also allows access to a zero adjustment. Although pre-calibrated for steel, the instrument can be changed internally for other materials.

More from the company at Blackhorse Road, Letchworth, Herts. SG6 1HF (04626 2644).

Charts have versatility

NOW IN production by J. J. Lloyd Instruments of Southampton are the PL2500 dual pen and PL1500 single pen chart recorders which are capable of plotting X against Y and also Y against time.

Like other manufacturers in this area the company has been able to give good value for money by reducing the number of models offered and avoiding the rather costly modular construction approach.

The recorders can use A3 single sheets of graph paper or roll chart paper driven by the integral crystal controlled drive. The X and Y channels are identical and provide 18 calibrated sensitivities from 25 microvolts/mm to 500 millivolts/mm, a variable control giving overlap between ranges. An accuracy of 0.2 per cent and linearity of 0.1 per cent, combined with writing speed of 1,000 mm/sec. give fast, faithful recordings.

For continuous records against time 18 paper speeds from 2 mm/min. to 400 mm/sec. have an accuracy of 0.01 per cent allowing operation as a true Y/t recorder. But in the X/Y mode this drive also allows the paper to be advanced rapidly one frame at a time.

More from Brook Avenue, Southampton SO3 6HP (04895 4221).

● SECURITY

Mini alarm for small premises

COSTING UNDER £10 is an intruder alarm for protecting valuables in a show case in the shop or home, and providing extra security for doors, windows, garden sheds, garages, cabinets, cupboards, offices, etc.

The small unit, called Grandstand Intruder Alarm, is easy to fit and is linked to contacts which simply fix with self adhesive pad or screws. The alarm itself is battery powered so there are no difficult electrical connections to be made and, when activated, emits a long buzz.

More from Adam Imports, Unit 2A, Ripon Road Industrial Estate, Harrogate, North Yorkshire (0423 501151).

● COMMUNICATION

Taping the weather pattern

ABLE TO either record at the collection site or transmit over telephone lines, a weather data collection system from Meteorology Research of California is offered in the UK by Talke Electronics, Deeside, Clwyd CH5 2LR (0244 816311).

Called Weather Wizard, the system collects data in digital form from a sensor array which measures wind speed and direction, temperature and relative humidity. Data can also be collected from sensors gauging variables such as air pressure, precipitation and solar radiation and at the same time digital data is generated to represent station identification, day, time and daily maximum and minimum temperatures and peak wind thrust. Another six channels are available for any other purposes.

Tape cassette and electronics are housed in a robust enclosure which can be located up to 200 metres from the sensor array, with connection by a single cable. The data can be recorded on the cassette, sent over a phone line or with suitable equipment transmitted to a satellite. The unit consumes only three milliamps from 12 V dc.

Data sent through the ground

BASED ON the known ability of very low radio frequencies to propagate through the ground, Sandia Laboratories in the U.S. has developed a radio telemetry system that can supplant wire transmission when the latter might be unsafe or impractical due to the environment.

The system was developed to meet the needs of temperature measurement in a U.S. underground coal gasification scheme in which it was found that wire thermocouple connections could be damaged by the heat. Instead, the string of thermocouples was connected to a telemetry package beneath the seam. The package was over 12 feet long and four inches in diameter, controlled by a crystal clock and powered by lithium/sulphur dioxide batteries with a lifetime of 180 days.

Hourly measurements are taken and every six hours stored data is transmitted by frequency modulation on a 14.5 kHz carrier. The receiver is five feet long by four inches and can be located at up to 150 feet from the transmitter. Power is supplied to it by cable from the surface.

Sandia Laboratories, Albuquerque, New Mexico, 87115, U.S.

● MACHINE TOOLS

Welder will handle two difficult tasks

THIN WHEEL seam welding equipment designed and manufactured by British Federal Welder and Machine Company of Dudley, West Midlands, has two pantograph fixtures to enable both petrol tank assemblies and air box units to be batch-produced on the one machine.

Welding speeds up to 3.5 metres per minute are achieved by the thin wheel seam welder which has been specifically developed for the welding of coated materials, such as the lead-coated steel used for petrol tanks and where a narrow weld zone, on smaller flanges, is required.

Thin wheel seam welding, as the name implies, required narrow electrode wheels which are driven via high pressure knurls. This high pressure factor tends to work-harden the electrode wheels, thus preventing pick up and electrode contamination with its resultant deterioration in weld quality.

Components are hand loaded and clamped in the tooling provided on the pantograph which follows a guiding mechanism profiled to the identical shape of the component.

British Federal, Castle Mill Works, Birmingham New Road, Dudley, West Midlands DY1 4DA. Dudley 54701.

● MAINTENANCE

Cleans up the works

LATEST industrial vacuum cleaning to be marketed by The Brillo Group, Cordwallis Estate, Maidenhead, Berks. (Maidenhead 23411) includes a small machine for cleaning stairways and areas where the floor space is such that standard machines cannot be used. It has a 900W motor and can be converted for 24 or 36 volt dc operation.

Another machine has been devised for use in areas where electric motors must not be used. Driven by standard factory compressed air supplies it can be used for wet and dry cleaning.

● PACKAGING

Safer can pulls move

IN THE U.S. metal pull tabs on fruit and vegetable juice have been banned in three States for safety reasons mainly, says 3M, because the sharp metal edges that result on the small piece of discarded metal can cause injury.

Apparently it is also felt that the pulled tab could drop into the can and be ingested by the user. Apart from this, most people who value the environment take the view that although the cans may be properly disposed of, the pulled tabs are invariably thrown on the ground where they are an eyesore as well as potential danger.

As an alternative, 3M is offering, in the UK now, as well as the U.S., the Scotchtab system. This uses a small piece of protective tape which is applied to the inside of the can top to prevent the contents of the can contacting the pour hole. The peel-open closure is applied to the outside of the can top and adheres so strongly to the exposed part of the inside tape that it pulls the material right through the hole when peeled off.

More from 3M United Kingdom, P.O. Box 1, Bracknell, Berks RG12 1JU (0344 26726).

هكذا من الأصل

EEC could end golden era of Greek shipping

BY WILLIAM HALL

Give a Greek a tug-boat, and if he's got any brains, within three years he will have a fleet

Aristotle Onassis

A FEW months ago a Greek entrepreneur bought three rusting cargo ships, each of them over 20 years old, for around $1m each. At the time there was nothing unusual about the transactions except for the purchaser—one Minos Colocotronis.

As anyone connected with international shipping will remember, Mr. Colocotronis's shipping empire collapsed spectacularly less than five years ago. He had bought his first ship—a 1,500 dwt coaster—in 1965 and within a decade had put together a fleet of over 50 vessels totalling 3m dwt.

Then came the world shipping slump. The banks moved in to recover their $300m plus of loans to Colocotronis; personal guarantees were invoked and most of the fleet was sold off to pay the creditors.

However, the 59-year-old Mr. Colocotronis is back in business again and the speed with which he has resurfaced characterises the resilience of Greece's shipping entrepreneurs.

While the fleets of other traditional maritime countries have been ravaged by the worst shipping recession since the 1930s, the Greek merchant fleet has been growing, and according to the Greek Ministry of Mercantile Marine is now the largest in the world.

Some 3,940 ships totalling 39.3m gross registered tonnes are listed under the Greek flag and another 672 vessels of 12.8m grt are registered under various flags of convenience such as Liberia and Panama.

At the beginning of next year Greece joins the Common Market and many shipowners more responsible members admit there is a problem. Many of the senior officers in the Greek shipping fleet qualified during the 1950s, when Greek educational standards were much lower. Some of them are not as skilful as the Greek authorities would wish, but it is difficult to get rid of them without upsetting the trade unions.

THE TOP 10 GREEK OWNERS

	Vessels owned	Tonnage (dwt m)
A. Onassis	49	5.9
P. Goulandris	45	4.3
C. Lemos	32	4.1
S. Niarchos	40	3.9
N. G. Goulandris	36	3.6
G. S. Livanos	23	2.9
Kulukundis Bros.*	28	1.6
Chandris Bros.	38	1.5
N. Kulukundis/ Embiricos	14	1.4
Frixos Papachristides	21	1.4

* Including London and Overseas Freighters.

Steps are being taken to improve the poor safety record of the Greek fleet. The marine academies are being improved and Mr. Antony Chandris, the president of the Union of Greek Shipowners, has said on several occasions that the education of Greek officers should be modelled along British lines.

The Ministry of Mercantile Marine has also tightened up its inspection procedures and established a flying squad of inspectors to make spot checks on Greek ships in foreign ports. Finally, an age limit of 17 years has been placed on all ships entering the Greek merchant marine for the first time.

The Greek merchant fleet has been growing in the worst shipping depression since the 1930s

believe that this could have a far greater long-term impact on the evolution of the Greek shipping fleet than the recent shipping recession.

With Greece as a member, the Common Market will control close to a third of the world's merchant shipping fleet and this could prove to be a powerful bargaining counter in future debates about the growth of protectionism in world shipping.

This, at least, seems to be the official Greek view of the benefits to its shipowners of EEC entry. Greece controls 12½ per cent of world shipping, which far exceeds the 1 per cent of world seaborne trade accounted for by Greece.

Many Greek ships never visit a Greek port and spend all their working lives in the "cross-trades," carrying cargoes between third countries thousands of miles away from Greece.

With the increasing emphasis on developing countries carrying more of their own trade in their own ships, traditional "cross-traders" such as Greece, and to a lesser extent Britain and Denmark, are vulnerable.

HOW THE GREEK FLEET GREW

	million grt Greek flag	Convenience flag
1965	7.2	11.4
1970	12.8	18.1
1975	25.1	23.2
1976	28.7	21.9
1977	33.8	19.1
1978	36.3	16.2
1979	39.3	12.8

Clearly, there are potential political advantages for a small country like Greece belonging to a large club like the EEC. However, it is the tangible disadvantages which are now worrying Greek shipowners as the entry date draws near.

The most immediate threat involves the EEC's plans to clamp down on "sub-standard" ships. One of the main reasons why Greek shipping has been so successful in recent years has been that Greek shipowners have relied on cheap second-hand vessels.

Often a Greek shipowner will buy a ship which a British company is sending to the scrapyard, patch it up, and get another 10 years' work out of it. Even during the depths of the recent shipping recession Greek owners were buying around 300 second-hand ships a year and the result is that nearly half the Greek fleet is 20 years old or over. By comparison less than a quarter of all the ships in the world are over 20 years old.

Partly as a result of its age, Greece's shipping fleet is far more accident-prone than other fleets. H. P. Drewry, the London shipping consultants, recently calculated that Greek losses averaged 0.97 per cent of the fleet annually over the period 1970 to 1978.

This was nearly three times the world average. Even if the very bad figures for 1978 are stripped out, Greek losses were still double the world average and there has been no improvement over the last 18 months.

The Greek shipping community is naturally upset by all the recent adverse publicity about poor ship safety, but the

The second area of major concern for shipowners is the impact that EEC entry will have on Greek crews. The use of cheap but high quality crews has been one of the main reasons why Greek shipping has survived so well.

However, the great growth in the Greek shipping fleet has led to a chronic shortage of Greek seamen and the fear is that EEC entry will make matters worse.

Greek manning costs are no longer as competitive as Far Eastern manning costs and EEC rules on the free movement of labour could lead to an outflow of Greek seamen to other EEC fleets.

At the moment probably no more than 2,000 Greek seamen work on non-Greek ships and the Greek authorities believe that language and other problems will limit the outflow of ratings. Greek shipowners are less sanguine about the prospects.

Entry to the EEC also threatens the country's legal restrictions on the employment of foreigners in Greek flag vessels. Already, Greek shipowners are having to take on a large number of foreign ratings, and foreign officers should be eligible to join Greek ships after EEC entry.

However, the Union of Greek Shipowners has urged that the restriction on the employment of non-Greek officers on Greek flag ships should be maintained after Greece joins the EEC. For the time being this appears to have been accepted, but the European Commission could challenge this at some later stage and reverse the policy.

Another sensitive area for the Greeks revolves around the question of the free movement of capital. Greece has always striven to prevent entry of foreign interests into Greek shipping. According to Greek maritime law a ship can fly the Greek flag only if more than 50 per cent of the vessel is owned by Greek nationals. In addition, foreigners are barred from joining the powerful Union of Greek Shipowners.

Discrimination against foreign entry into Greek shipping appears to be contrary to the Treaty of Rome. Britain, for example, allows foreign interests to register ships under the UK flag provided they set up a local company. However, the Greeks insist that the free movement of capital inside the EEC is not the same as the free transfer of flag rights. Once again, this is an area where the European Commission could cause trouble.

In a recent study, Dr. E. T. Pantelidos, an economist with the Bank of Greece, concluded that Greece's membership of the EEC was not expected to have an adverse effect on the competitiveness of Greek shipping.

Greece's shipowners are not all as optimistic as Dr. Pantelidos. Until now they have been left very much on their own but entry into the EEC will mean that they will have to come to terms with Brussels' growing shipping bureacracy, which may not be as receptive to Greek shipping interests as is Greece's Ministry of Mercantile Marine. Entry into the EEC could well herald the end of the golden era of Greek shipping.

Over the past ten years, the workshops of British Rail have been carrying out work for the private sector. **Raymond Snoddy** reports on this profitable sideline

BR shows a little enterprise

Last year, British Rail lost between £10m and £15m of freight business because production difficulties at its subsidiary, British Rail Engineering, led to delays in the supply of locomotives to BR. This, together with low productivity and Government financial stringency, meant that BR took delivery of only 17 locomotives from BREL in 1979, whereas its real needs are for substantially more.

A "maintenance and manufacturing study" by BR's strategic study group has looked at this and other problems faced by BR in the *design, procurement and construction* of new rolling stock and the maintenance of existing stock. The British Railways Board has started internal discussions on the future of BREL in the light of the study and one of the consequences may be a substantial involvement of private sector engineering companies as alternative suppliers of rolling stock.

There is an irony in this, however, because over the past ten years the least troublesome of BREL's activities has been its own work for the private sector.

The following article looks at this small, but significant section of BREL's activities.

THE Transport Act 1968 provoked considerable opposition from the engineering industry; under its terms BREL, a wholly-owned subsidiary of British Rail, was given the right to sell surplus capacity. There were fears in the engineering industry that prices would be artificially low—or at the very least that the equilibrium of the market would be disturbed.

None of the worst fears have been realised. Relations between BREL and the private sector are close, as BREL emphasises, and there is no trace of marginal costing. Full costs, including all overheads and depreciation, plus a profit of between 13 and 15 per cent, are charged.

"My role in life is to exploit BREL facilities profitably and support private industry—not attack it," says Mike Conway, BREL's commercial manager (UK Operations) at Derby, where the management team of 12 (including secretaries) is based.

BREL's private-sector turnover of £10m a year has been built up slowly over the ten years of its operation. It now operates from 13 plants around the country and has an enormous product range: from litter bins to 4-tonne ships' anchors.

Negotiations for the first big private contract—the production of baling chambers for Massey Ferguson harvesters—had to overcome some preconceptions. "They were fearful about our prices being over the moon, doubtful about industrial relations and nervous of political control," Laurence Flint, BREL's chief saleman/contracts engineer said.

But ultimately Massey Ferguson decided there were clear advantages in using BREL's pressing, punching and painting facilities at Doncaster. The contract is now 10 years old; BREL is satisfied with the £3.3m it has brought in so far and Massey, it says, is happy with the stable supply and quality which the railway workers have provided.

BREL's greatest asset is the diverse range of skills and equipment built up over the years in the running of Britain's railway system. "People expect us to be working by gaslight but engineers visiting our works feel very humble when they see the range of our equipment, including the latest computer-operated milling equipment," said one of the BREL team.

There are many skilled carpenters at Wolverton Works where carriages are built. That led to £100,000 worth of bookcases made for Caxtons encyclopedias. An unsolicited sample was sent to Littlewoods and it ordered 1,000 for its mail order catalogue.

BREL's litter bins have not only won the accolade of inclusion in the Design Centre's street furniture catalogue, they were also able to meet Liverpool Corporation's specification that "they must be able to withstand steel toecaps." They have brought in £50,000 so far and are still selling well.

At the higher end of the technological scale BREL offers a hydraulically operated container lifting frame or the revolutionary bogey developed for the Advanced Passenger Train. BREL technology is marketed abroad through Bre-Metro—another private-public collaboration involving Metro-Cammell. Total overseas sales, mostly mainstream railway products, are runing at £30m a year.

Autonomy

The major part of BREL's private sales in Britain result from the manufacturing of railway wagons (mostly freight) for the private sector—which brings in about £5m a year. BREL splits the market three ways with Procor and Standard Wagon.

Managers at the larger works enjoy a large degree of autonomy: they can take complete responsibility for accepting contracts up to £50,000. Harry Roberts, a fourth generation railwayman who started as a fitter, is manager at the Swindon works, where the main task is a ten year contract to refurbish the ageing coaches of Southern region. But the works is also one of the largest engineering concerns within a 40 mile radius—and Harry Roberts has a sharp eye for profit.

"Our average profit from private work is 15 per cent but if we think the market will stand more because no-one else has the machine, then we charge more," Roberts said.

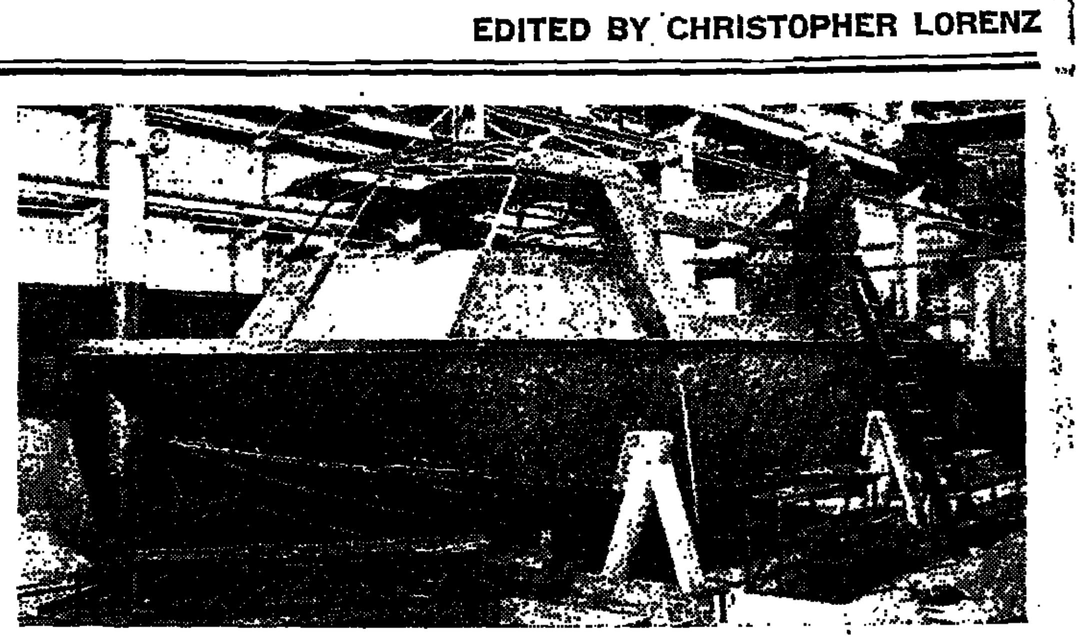
When Swindon relined the cylinders of a 1897 Ducroiset Hercules car the owner was very happy to get the job done for £195. Roberts was happy with 60 per cent profit. He also rents out spare office capacity.

Swindon's £3.3m private work over the past 10 years has included an £82,000 traverser/turntable made for Vickers and the Hong Kong mass transit railway, all-metal oil field patrol boats, exhaust manifolds for formula one racing cars, cross-braces for Ford concrete mixers, repairs to a water pump from a local country house and a sawmill engine sent specially from Africa to be repaired at Swindon.

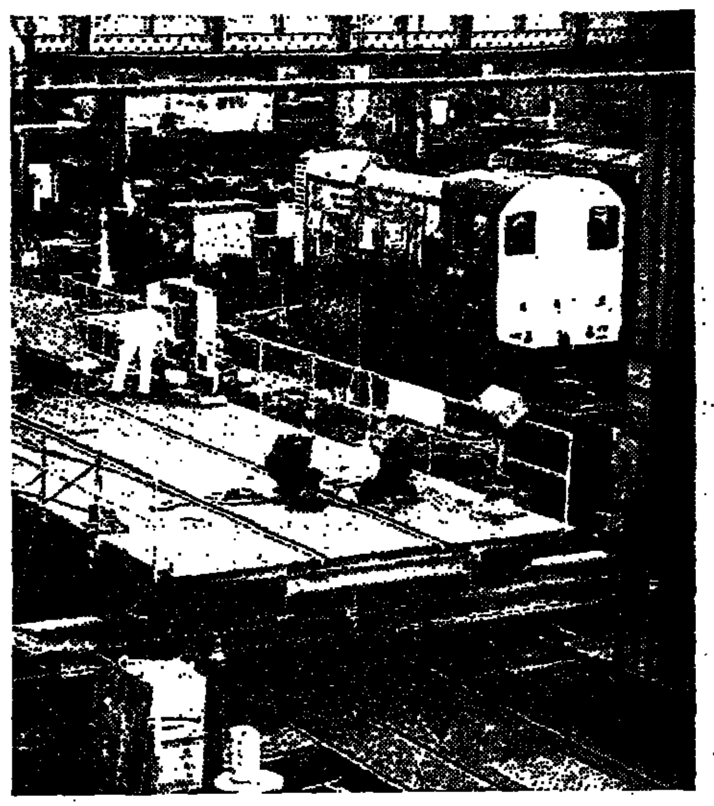
"I can't think of one trade in engineering which isn't represented. We can do everything," says Roberts.

He believes that private industry benefits from the tradition of skill and inbuilt safety standards handed down from generations of railwaymen and the tradition of competition between the various railway works.

There are also benefits, Roberts points out, in the interesting experiments in industrial relations among the 3,700 workforce at Swindon. Not a day has been lost through strikes in the past five or six years nor a private contract lost because of demarcation disputes.



Trains and boats . . . and planes? BREL's product range includes not only locomotives and rolling stock, but also oilfield patrol boats and litter bins



Representatives of the main unions in the plant decide which trade will get a job if the most obvious candidate is already occupied with British Rail work. Six former boilermakers are even in the second year of retraining as electricians.

Leasing

BREL itself does not foresee the possibility of any dramatic expansion of its private work beyond a steady 10 per cent growth a year, unless there is a change in its statutory responsibilities.

One such change might enable BREL to raise capital from the private sector for its private work. This is something Mike Conway would like to see happen. Such capital could be used to set up a wagon leasing business — and that would enable BREL to give Procor and Standard even more competition, he reckons.

Business courses

***Inter-Personal Effectiveness* Workshop: developing the skills of self-assertion.** Uxbridge, Middlesex. July 17-18. Fee: £125. Details from The Secretary, Management Programme, Brunel University, Uxbridge, Middlesex UB8 3PH.

International Summer School, Oxford. July 8-13. Fee: £400 (plus VAT). Details from The Course Registrar, Eurotech Management Development Service, 13 Holder Road, Aldershot, Hampshire GU12 4RH.

The School of Sales Promotion Summer School, Oxford. July 30-August 3. Fee: £515. Details from The Sales Machine, *22 James Street, London WC2E 8NS.*

Executive Secretaries Workshop, Cranfield, Bedford. July 20-25. Details from Cranfield School of Management, Cranfield, Bedford MK43 0AL.

Corporate Strategy, Structure and Performance, Bradford. July 24-25. Fee: £120. Details from University of Bradford/ *Management Centre, Heaton* Mount, Keighley Road, Bradford, West Yorkshire BD9 4JU.

The warm glow of an ill wind

Jonathan Carr on a German company which has exploited the energy crisis

TO MOST European companies, the phrase "Khomeini effect" means only one thing: lost and cancelled orders.

Not so to a relatively unknown private company tucked away in the Ruhr, West Germany's heavy industrial heartland. In fact, very much the reverse.

No sooner had the Ayatollah returned to Iran to lead the revolution than Happel KG was flooded with new orders from anxious customers. For a time, delivery times lengthened to eight months. Factory space had to be extended in a crash programme, and more labour found.

For Happel makes heat pumps, and heat pumps are big oil savers. The higher the oil price, and the less certain supplies from the Middle East, the fuller Happel's order book becomes.

Happel has been in the energy-saving business for years, producing an array of devices, from simple roof collectors gathering warmth from the sun's rays, to complex machines which simultaneously dehumidify the air in indoor swimming pools and help heat the water.

But the heat pump is its most striking success so far. Though no giant in corporate terms, Happel at present claims to be Europe's biggest maker of heat pumps for domestic use.

Happel is one of the constituents of a highly unusual group called GEA, or Gesellschaft fuer Elektrische Anlagen ("Electrical Plant Company") and owned by the Happel family. GEA's remarkably mundane name belies its powers of technical innovation in a variety of products and components, all in the specialised field of heat exchange and recovery.

With a labour force of 4,500 GEA embraces 22 companies in 14 countries, with world sales this year of about DM 650m (£157m), about 80 per cent of which are outside Germany. While continuing to manufacture its most advanced products at home, it has been building up a substantial overseas production base, partly from scatch and partly via acquisitions, for example in France and the United States.

Its small size notwithstanding, GEA is a striking example of an enterprise which has grasped the opportunities of the energy crisis to carve itself a firm market position before others with far bigger financial and research resources can invade the scene, and which hopes that its flexibility will protect it against them.

German giants like Siemens, Thyssen and Volkswagen are now muscling into heat pumps, together with many other European and U.S. multinationals. Even if not all of them invade Happel's particular market segment, it is bound to face tougher competition than in the past.

Dr. Franz Schulenberg, managing director of several GEA enterprises, estimates that there are about 60 German producers of heat pumps—some are very small indeed. He expects that eventually perhaps about 10 will survive.

Happel is firmly determined to be one of these with a good market share, but it harbours no illusions that it will dominate the business in future—even if it wanted to.

To do that would elevate the company and the GEA group to the kind of huge enterprise which they evidently do not wish to be. Dr. Schulenberg and his team constantly argue that one reason GEA can keep its nose ahead technologically in one market after another is because its structure is not too unwieldy.

With evident pride they point to their response to the "Khomeini effect." From selling heat pumps in hundreds, they suddenly faced demand for thousands. So they built a new factory with an annual capacity of up to 20,000 pumps (they expect to sell roughly 10,000 this year). The interval between the decision to build the factory and the start-up of production was just five months. How many of the biggest enterprises, Happel asks, could match that for response to customer demand?

Dr. Franz Schulenberg: only five months between the decision to build and the start-up of production

In theory the potential market at which Happel and its competitors are aiming is nothing short of dazzling. In West Germany alone, over 12m homes are oil heated and could cut their consumption with the aid of a heat pump.

On average such a pump costs DM 8,000, plus DM 3,000 for installation. There is thus a domestic market potential of more than DM 100bn—quite apart from sales for offices, factories and so on. So, in spite of the looming competition Happel might be forgiven if it displayed the euphoria of a man of modest means who found his house was built on a gold mine.

Simply described, a heat pump warms the interior of buildings by extracting heat from the air, water or even the ground. One psychological barrier to sales can be the difficulty of persuading potential customers that heat is present to be extracted from the atmosphere even when the sun has not been shining.

Another hurdle—at least at present—is financial: the time it can take to recoup the cost of purchase and installation through fuel savings. Even if Government subsidies on the initial cost are taken into account, the average household could take a good seven years at the current level of oil prices.

A visit to Happel's headquarters on a cold and rainy day when the Ruhr looked at its most uninviting helped reduce initial scepticism. The 2,630 square metre building, completed in 1977 at a cost of DM 3.2m, is heated via a series of pumps and convectors. They suck in warmth from the outside air or from sunlight diffused through the windows, and distribute it or, when necessary, store it in large water containers on the roof. Happel says that no extra heating source is needed until the ambient temperature falls to −3 degrees C — that is for about three-quarters of the year.

A standard reaction to this apparent conjuring trick must be "come off it—surely it must cost more to run these gadgets than to buy oil?" This would once have been true — for example a decade ago when heating oil was available for 16 pfennigs a litre. But now a simple calculation based on the current price of around 60 pfennigs a litre indicates otherwise. Given a standard home using an annual average of 4,500 litres of oil, installing a heat pump can save more than 40 per cent of heating costs. Though it uses extra electricity, it can save about 70 per cent of a household's heating oil—a point worth underlining in a country like West Germany which is almost wholly dependent for its oil on imports.

At present it would not be an economic proposition for the pump to replace heating oil altogether. Happel says that even with 20 degrees of frost outside there is still heat to be extracted from the air, but that it would need virtually as much power to suck it in as it would to heat the building electrically. Thus for the coldest few months of the year heating oil is still needed.

The ideal vision would be of Germans heating their homes and offices largely with heat pumps, run on electricity produced by power stations fired mainly by coal (of which the country has fairly large domestic deposits).

It remains to be seen whether GEA can take full advantage of the heat pump boom, and still survive indefinitely as a family business. And if it cannot, will the transition destroy the flexibility which is the apparent basis of its success?

One pointer could be that the crash expansion of production to cope with the "Khomeini effect" stretched its financial resources for a while. But the exact extent of the strain has not been revealed: the private ownership of the business means that GEA is not obliged to reveal its full financial performance—and does not do so.

Equally, the group's private status exempts it from the well-known German practice of co-determination, with labour representatives sitting on a supervisory board. This may accelerate decision-taking, but does it not bring labour unrest? Dr. Schulenberg admits to one strike years ago. It lasted 55 minutes, he says.

LOMBARD

Neutrality on nuclear policy

BY DAVID FISHLOCK

THE EXASPERATION of Mr. John Lyons, the trade union leader, when he accuses some of those who are attacking nuclear energy of intellectual dishonesty, double standards and "systematic misrepresentation of facts and issues," is understandable. As general secretary of the Electrical Power Engineers' Association, he represents those closest to nuclear energy—the crew of supervisors, engineers and scientists who run the reactors. If something goes seriously wrong his members are not only held accountable but are right in the front row for the kind of catastrophe the public is repeatedly told is only a hairsbreadth away.

False

They know that the message of what Mr. Lyons calls the "anti-nuclear industry" is fundamentally false; a political appeal that has nothing to do with engineering data or risk statistics. Not surprisingly, as men just as highly trained as a pilot to deal with verifiable facts and real crises, they find it hard to respond publicly to opponents unencumbered by their knowledge or experience but apparently dedicated to putting them out of a job.

We need critics of nuclear energy—just as a healthy theatre needs critics—to analyse the activities of a still-embryonic area of public investment of considerable size and importance.

Implacable nuclear opponents—those who see it impeding their plans for a different pattern of economic and industrial activity—can serve no constructive public purpose as critics. They are pursuing their own objectives and, as they see it, stable electricity supply stands in their way. Yet they are the people television and some parts of the Press—pinpointed by Mr. Lyons—invariably call upon to contrive an entertaining "nuclear debate."

But there is a body of people who could serve the public interest far better. They are people with neither political nor commercial interest in the outcome, yet interested enough to make the considerable intellectual effort to follow the issues fairly.

Let us call such people "neutrals" in the nuclear debate. They are mostly senior academics with a professional interest in the issues but no commitment to the nuclear power industry, for example, to train its engineers. I will propose four, all very different.

First, Professor Ian Fells of Newcastle University, a highly articulate commentator on energy technology, who has the distinction of having been invited by *both* sides to testify for them at the Windscale inquiry. (He appeared for neither.)

Second, Professor John Fremlin of the University of Birmingham, who so skilfully guided the local authority through the technological jungle during the Windscale inquiry. A steady stream of letters from this professor to the scientific Press has been gently correcting editorial bias and readers' misapprehensions with masterly precision, wit and grace.

Third, Dr Richard Eden of the Cavendish Laboratory in Cambridge, who is encouraging students opposed to nuclear energy to undertake energy policy projects in which they are asked to re-examine the assumptions and logic of the so-called "alternative energy policies"

Fourth choice

My fourth choice as a "neutral" is Professor David Pearce of Aberdeen University, widely believed to have been antagonistic towards nuclear energy until he was confronted by a paper by an Open University researcher which argued how much more advantageous to Britain would be a non-nuclear future. He published a critique which said, in the language of the academic, that this was the sort of rubbish that gets opposition to nuclear energy a bad name. It brought the wrath of nuclear energy's opponents about his ears.

Professor Pearce has written ruefully to me, enclosing a vindictive article entitled "Plutonium professor's polemic," saying: "this should amuse you as an illustration of the comic-cuts level of intelligence the anti-nuclear movement can muster when faced with some academic criticism."

Truth: the secret of artistic success

RATHER LIKE the alchemist and his stone, some film critics are forever trying to discover what exactly are the magical ingredients that make one film successful where another fails.

Certainly I have been trying to solve this puzzle for years, and at one time seriously believed that success owed much to the time, effort and careful planning invested in a film. Since then, however, I have seen enough brilliant screen work that happened by chance—through sheer carelessness, unplanned inspiration or luck—to know that there are other forces at work.

Discovery

Earlier this month, at this year's British sponsored film festival in Brighton, I began to think that perhaps I had at last discovered the secrets, in a commentary line of the film that undoubtedly was the triumph of the festival—a line of verse by the 19th-century writer John Clare: "I found the poems in the fields, and only wrote them down. . ."

The film that captures its audience and remains in the memory has this same open receptiveness, reflecting with verisimilitude merely what is there, distilling the essence of life and of nature—holding up a mirror which focuses our attention on qualities of life that please, satisfy or concentrate the mind.

This festival triumph was a Post Office (Postal Services) documentary about the designing of a pictorial stamp series. The film, *Spring Quartet*, is an evocative look at the landscapes of Northamptonshire, where artist Peter Newcombe lives and works and where the inspiration came for his designs for a series of spring flower stamps. John Clare also drew his inspiration from the same landscapes, although tragically ending his days in an asylum. Clare's poetry, Newcombe's painting and the film-makers' sensitive observation, combine with dedication and a sense of caring.

Indeed, *Spring Quartet* is a rare example of a film getting down to the true qualities of a subject instead of trying to impose some artificial view peculiar to the film-maker or the sponsor. So many films fail because they are dishonest, or so far removed from the experiences of life that audiences instinctively know them to be false.

Applying this philosophy to other films seen at Brighton, I begin to find it works. I am in sight of the alchemist's stone. Thus a videotape production in BP's new company magazine programme *Pipeline*. This is a quarterly production seen by employees and follows the format of many television magazine programmes.

Like broadcast television at its best, it works because it is direct and factual, free from the indulgences of the self-conscious producer. Fascinating, for example, to see in the programme an interview with Trevor Philpott about the making of the television series *Inside a Multinational*—which British viewers have been watching in recent weeks as an extraordinary nine-part series about British Petroleum. In the videotape interview, we get a new angle on the television series; we learn about other aspects of BP, such as what the wives of employees in BP do when living in Alaska.

FILM AND VIDEO

BY JOHN CHITTOCK

In the same videotape section of the festival, the penalty of false commitment is paid by STC's brief programme called *NG System*. In its three-and-a-half minutes it uses Kenny Everett to demonstrate the qualities of a new submarine cable system. Unfortunately, however, one is left with the distinct feeling that Kenny Everett could not really care a tinker's cuss about the subject.

What audiences are seeking most of the time, even in films where the subject alone should be reward enough for the specialist viewers, is stimulation or enlightenment. As Diaghilev said, surprise me. Or at least show me something which, in its familiarity, will give me pleasure like an old friend or a local landscape.

With no knowledge of or commitment to medical science, it was down to the element of surprise and enlightenment for me to find anything rewarding in *The Technique of Gastro-Intestinal Endoscopy*. Of course, no one could be further removed from the intended audience, and sponsors Smith Kline and French may not care a jot what I think of their film. But this demonstration of the techniques used in conducting endoscopic searches (that is, using optical probes to see inside the body) is both fascinating and intellectually impressive.

It is not merely the superb photography as we enter various regions of the intestinal tract, but also the skilful ad lib commentary of the surgeon—explaining how, by a flick of the wrist here and a twist of the endoscope there, the probe can be manoeuvred round U-bends in the plumbing system. Shame, though, that the extensive film credits omitted the name of the sporting patient who had this device pushed down his throat.

Regular readers of this column may by now have detected a strange desertion from my usual depressed state about the standard of British sponsored films. It is true. I found little in the British films at Brighton to feel sad about, and much to praise. Perhaps I was helped, like so many delegates, by a presentation during the festival by Mr. Will Anderson, chairman of the U.S. Industrial Film Festival.

Mr. Anderson staggered his audience with some statistics about American sponsored films, such as 16,000 made in 1979 (albeit a decline from the 18,000 in 1974). He then went on to amaze his mostly British audience even more by showing two of the best from the recent U.S. festival. They were pure schmaltz; professionally pristine, but without heart or soul.

This opinion seemed to be general and perhaps enabled us all to put the British films into a better perspective, including another medical film (but a popular winner) made in the TV documentary style that is a British preserve — the Central Office of Information's *Inside View*. Made for the Foreign and Commonwealth Office to show British achievement in visual investigation techniques, this won the Financial Times Export Award for the film most likely to promote overseas sales.

Another British favourite, owing less to creative chance and more to outstanding professional control, was the Building Societies Association film *Sam's Song*. This is pure fiction, a romance between a Walter Mitty couple whose fantasies are beautifully staged, sensitively performed. They end up, of course, marrying, getting a mortgage and coming down to earth in a very ordinary terrace house that is still like heaven. A charming film that could have gone hopelessly wrong if overplayed.

I have saved the best—at least, my own favourite—till last, British Airway's *LHR 24 Hours*. The title is another way of saying one day in the life of London Heathrow. In a clever imitation of cinema verité (because some scenes are almost certainly acted, although most appear to be pure documentary), this is a sponsor's honest attempt to show every side of his business. No holds are barred, no punches pulled, even down to the irate American traveller who thumps the check-in desk and shouts "I'll sue you."

Playful

This film is, most important of all, funny—because it shows the human weaknesses of the organisation and its customer, but in a playful way that one can only admire and enjoy, as with the stores' supervisor who tells a steward, "we're out of swizzle sticks—you'll have to use your fingers . . ."

Thank you British Airways for making my festival at Brighton so complete.

Much praise for Willie Carson

RACING

BY DOMINIC WIGAN

FEW PEOPLE outside the West Ilsley camp can have been more heartened by Willie Carson's remarkable run of success in the past few weeks than Claude Duval. For this month Duval's latest book—Willie Carson, a Biography—reached the bookshops.

A follow-up to Duval's biographies on Lester Piggott and Pat Eddery, this is, in my opinion, the author's most readable book yet, despite a good many irritating inaccuracies and a tendency to hero-worship.

In its 160-odd pages, the Sun's racing correspondent traces Carson's life from his earliest days in Scotland, where a £4 gipsy pony provided him with his first riding lessons at 10s an hour, right up to the start of the current campaign.

According to Duval, Lord Derby is Willie Carson's greatest admirer. There is little reason to doubt the author here, for in Chapter 4, entitled "You Always Have a Good Laugh with Willie." Lord Derby has this to say: "I'm unashamedly a great Willie Carson fan. I think he's a frightfully nice little man. He's one of the great jockeys—the complete gentleman. We've never had a cross word.

"He's a natural horseman. I'm still thrilled that I gave him his first real chance in racing. Ever since then his career has jumped on by leaps and bounds."

A few pages further on Mick Ryan sums up Carson's time and career with the late Bernard van Cutsem, to whom Ryan was assistant trainer for three years: "When he was with us, if he went two days without a winner, he was like a caged tiger.

"With his low weight, he had to be champion jockey one day. He always won on horses that he should have won on. But every now and again, he would win on horses who simply had no right to win. They were beaten horses until he got to work . . . that's the hallmark of a genius."

BRIGHTON

2.00—Royal Blood***
2.30—Aswad
3.00—Rheinman
3.30—Brian
4.00—R. J. Wallis*
4.30—Show Business**

TV/Radio

† indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 10.55-1.05 pm Cricket: Second Test—England v West Indies. 1.30 The Flumps. 1.45 News. 1.55 Wimbledon. 4.18 Regional News for England (except London). 4.20 Play School. 4.40 Jigsaw. 5.05 John Craven's Newsround. 5.15 Ask Aspel.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Wimbledon.
7.15 The Tuesday Film: "Corey: For the People."
8.30 Rings On Their Fingers.
9.00 News.
9.25 Animal Olympians.
10.25 Play for Today: On Giant's Shoulders based on the book by Marjorie Wallace and Michael Robson (story of a thalidomide child).
11.55 Weather/Regional News.

All Regions as BBC 1 except as follows:—

BBC Cymru/Wales — 5.15-5.40 pm Bilidowcar. 5.55 Wales Today. 6.15 Heddiw. 6.35 Join BBC 1 (Wimbledon). 7.15 Gair I Gall with Hywel Gwynfryn. 7.40-8.30 The High Chaparral. 11.55 News and Weather for Wales.

Scotland — 1.25-1.30 pm The Scottish News. 5.55-6.20 Reporting Scotland. 11.55 News and Weather for Scotland.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.55 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); Look North-West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth).

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
1.35 pm Cricket: Second Test/Wimbledon Tennis.
7.40 One Hundred Great Paintings.
7.50 Mid-evening News.
8.00 Out of Court.
8.30 International Rugby Special: Northern Transvaal v The Lions.
9.00 Spike Milligan in Q9.
9.30 The Enigma Files.
10.20 Wimbledon highlights.
11.00 Newsnight.
11.35 Cricket highlights.

LONDON

9.30 am A Big Country. 9.55 The Wild, Wild World of Animals. 10.40 Fireside Theatre. 11.30 Bailey's Bird. 11.55 The Undersea Adventures of Captain Nemo. 12.00 Cockleshell Bay. 12.10 pm Pipkins. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon Plus Encore. 2.45 End of Season. 3.45 Tell Me Another. 4.15 Get It Together. 4.45 Extraordinary. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 Survival.
7.30 The Streets of San Francisco.
8.30 Robin's Nest.
9.00 Love Among the Artists.
10.00 News.
10.30 The Boys From Horseferry Road.
11.30 Quincy.
12.25 am Close: Personal choice with Rita Tushingham.

All IBA Regions as London except at the following times:—

ANGLIA

9.30 am Bill, Peggy, Royal and Friends. 10.00 Tuesday Morning Film: "Melba," starring Patrice Munsel. 12.30 pm Against the Wind. 1.20 Anglia News. 2.00 Houseparty. 2.25 Chopper Squad. 3.20 Doctor Down Under. 6.00 About Anglia. 6.35 Crossroads. 7.00 Enterprise: The Mustard King. 7.30 Charlie's Angels. 11.30 Rush. 12.30 am You Have a Minute Lord?

ATV

9.45 am Above the Horizon. †10.05 Morning Cinema: "A Tale of Two Cities," starring Dirk Bogarde. 12.30 pm George Hamilton IV. 1.20 ATV Newsdesk. 5.15 Survival. 6.00 ATV Today. 7.00 Emmerdale Farm. 7.30 A Man Called Sloane. 11.30 ATV Newsdesk. 11.35 SWAT.

BORDER

9.30 am The Beachcombers. 10.00 Treasures in Store. 10.25 Craft and Croft. 10.50 Cooking with Tovey. 11.05 Tarzan. 11.55 Cartoons. 1.20 pm Border News. 5.15 Anna and the King. 6.00 Lookaround Tuesday. 6.35 Crossroads. 7.00 Emmerdale Farm. 7.30 The Streets of San Francisco. 11.30 TV Movie: "Conspiracy of Terror." 12.45 am Border News Summary.

CHANNEL

12.30 pm Against the Wind. 1.20 Channel Lunchtime News, What's On Where and Weather. 5.15 Spiderman. 6.00 Report at Six. 7.00 TV Movie: "Mister Pericho." 10.8 Channel Late News. 11.30 Chopper Squad. 12.25 am Commentaires et Previsions Meteorologiques.

GRAMPIAN

9.25 am First Thing. 9.30 The Beachcombers. 10.00 Treasures in Store. 10.25 Craft and Croft. 10.50 Cooking with Tovey. 11.05 Fantasy Island. 12.30 pm Against the Wind. 1.20 North News. 5.15 Emmerdale Farm. 6.00 North Tonight and Area Weather Forecast. 7.30 A Man Called Sloane. 11.30 Reflections. 11.35 Streets of San Francisco. 12.30 am North Headlines.

GRANADA

9.30 am Sesame Street. 10.30 The Land. 10.45 The Lone Ranger. 11.10 To the Wild Country. 12.30 pm Against the Wind. 1.20 Granada Reports. 5.15 Happy Days. 6.00 Granada Reports. 6.35 Emmerdale Farm. 7.05 Tuesday Premiere: "Lacy and the Mississippi Queen." 11.30 Lucan.

HTV

†10.10 am "They Were Sisters," starring Phyllis Calvert, James Mason, Hugh Sinclair and Anne Crawford. 1.20 pm Report West Headlines. 5.15 Space Kid. 5.20 Crossroads. 6.00 Report West. 6.30 Survival. 7.00 Fantasy Island. 11.30 Mannix.

HTV Cymru/Wales—As HTV West/HTV General Service except: 12.00-12.10 pm Pfalabalam. 1.20 Penawdau Newyddion Y Dydd. 1.25-1.30 Report Wales Headlines. 4.15-4.45 Sbardun. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.30 Bywyd. 11.30 World in Action. 12.00-12.30 am Take the Mick.

SCOTTISH

9.30 am Friends of Man. 9.55 Finnish Nature. 10.05 Kevin Johnson. 10.50 Westside Medical. 11.35 Kum Kum. 1.20 pm News and Road and Weather. 5.15 Popeye. 5.20 Crossroads. 6.00 Scotland Today. 6.30 What's Your Problem? 7.30 Charlie's Angels. 11.30 Late Call. 1.35 Celebrity Concert—Al Martino.

SOUTHERN

9.30 am Dynomutt the Dog Wonder. 9.55 Little House on the Prairie. 11.25 Southern Report. 11.25 Who Cares? (South East area only). 12.30 pm Against the Wind. 1.20 Southern News. 2.25 "Thursday's Game," starring Gene Wilder. 5.15 The Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Day by Day. 7.00 Emmerdale Farm. 7.30 A Man Called Sloane. 11.30 George Hamilton IV.

TYNE TEES

9.20 am The Good Word followed by North East News Headlines. 9.30 The Legend of Los Tayos. 10.00 Cartoon Time. 10.10 Morning Movie: "Fire Down Below," starring Rita Hayworth and Robert Mitchum. 1.20 pm North East News and Lookaround. 5.15 The Electric Theatre Show. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 7.30 Charlie's Angels. 10.30 North East News. 11.30 Police Woman. 12.30 am It's Only Natural.

ULSTER

10.00 am Treasure in Store. 10.25 Crafts and Crofts. 10.50 Cooking with Tovey. 11.05 Chopper Squad. 1.20 pm Lunchtime. 4.13 Ulster News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. *6.00 Ulster Television News.* 6.15 The White Line. 6.30 Bygones. 7.00 Emmerdale Farm. 7.30 A Man Called Sloane. 10.29 Ulster Weather. 11.30 Soap. 12.00 Bedtime.

WESTWARD

9.30 am Larry the Lamb in Toytown. 9.45 George Hamilton IV. †10.10 Feature Film: "They Were Sisters," starring James Mason and Phyllis Calvert. 12.30 pm Against the Wind. 1.20 Westward News Headlines. 5.12 Gus Honeybun's Birthdays. 5.15 Spiderman. 6.00 Westward Diary. 7.00 TV Movie: "Mister Jerico," starring Patrick MacNee. 10.31 Westward Late News. 11.30 Chopper Squad. 12.25 am Faith for Life. 12.30 West Country Weather and Shipping Forecast.

YORKSHIRE

9.30 am The Nature of Things. 10.20 Call it Macaroni. 10.45 Roman Holidays. 11.10 Leave Cape Horn to Port. 1.20 pm Calendar News. 3.45 Calendar Tuesday. 5.15 Father, Dear Father. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 7.30 Charlie's Angels. 11.30 Star Parade.

(S) Stereophonic broadcast
‡ Medium Wave

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo	BBC Radio London: 1458kHz, 206m & 94.9vhf
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92.95vhf	Capital Radio: 1548kHz, 194m & 95.8vhf London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Peter Powell. 7.00 Personal Call. 8.00 Mike Read. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2. 2.03 pm Ed Stewart's Request Show (S). 4.03 Much More Music (S). 6.03 John Dunn (S). 8.02 With Radio 2. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Steve Jones (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Wimbledon Tennis. 7.02 John Dunn (S) (joins VHF). 8.02 The Leading Ladies (S). 9.02 Glamorous Nights (S). 9.55 Sports Desk. 10.02 Variety Club starring The Grumbleweeds. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Shostakovich (S). 10.10 Violin and Piano recital (S). 10.55 Cricket: Second Test—England v. West Indies including 1.05 pm Six Continents; 1.25 News; 1.30 Lunchtime scoreboard. 6.30 Mozart. 7.00 The Poets Laureate. 8.00 "San Giovanni Battista," oratorio by Stradella, part 1 (S). 8.40 The Festival Scene. 9.00 "San Giovanni Battista," part 2 (S). 9.40 Mirrors. 10.05 The Piano Music of Busoni (S). 10.50 Ivor Cutler and. . . . 11.00 News. 11.05-11.15 Victoria (S).

VHF—With Medium Wave above except as follows: 6.00-7.00 am Open University. 10.55 French Songs of the Early Baroque (S). 11.35 Beethoven and Barber piano recital (S). 12.20 pm City of Birmingham Symphony Orchestra concert, part 1 (S). 1.00 News. 1.05 Six Continents. 1.25 Concert, part 2 (S). 2.10 Heininen and Pippett (S). 2.45 Melos Quartet of Stuttgart recital, part 1 (S). 3.40 Interval Reading. 3.50 Recital, part 2. 4.25 Jazz Today (S). 4.55 News. 5.00 Mainly for Pleasure (S). 6.20-7.00 pm Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today in Venice, including 6.45 Prayer for the Day; 7.00, 8.00 Today's News; 7.30, 8.30 News headlines; 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.02 Medicine Now. 10.30 Daily Service. 10.45 Story Time. 11.00 News. 11.05 Thirty-Minute Theatre. 11.35 Wildlife. 12.00 News. 12.02 pm You and Yours. 12.20 Down Your Way. 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen with Mother. 3.15 Little Dorrit (S). 4.10 Bookshelf. 4.40 Announcements. 4.45 Short Story. 5.00 PM News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Detective. 7.00 News. 7.05 The Archers. 7.20 De Gaulle and the French Resistance. 8.05 In Touch: Helen Keller Centennial Conference. 8.30 If Music and Sweet Poetry Agree: Music and Shakespeare's "Romeo and Juliet." 9.15 Down the Garden Path. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Round Britain Quiz. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00 Question Time from the House of Commons. 9.00-5.00 am Join Radio 2.

London Broadcasting

5.00 am AM with Bob Holness and Alan King. 10.00 Brian Hayes. 12.00 LBC Reports. 8.00 pm After Eight Special. 9.00 Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 5.00 Morning Music.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Mike Allen (S). 1.00 pm London Today First Report (S). 1.10 Mike Allen continued. 3.00 Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's "Your Mother Wouldn't Like It" (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Peter Young's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,305

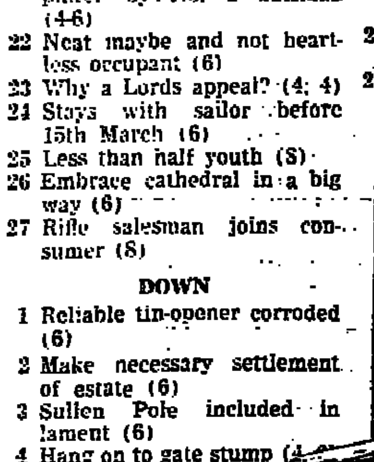
ACROSS

1 Particular cigarette for London? (3, 5)
5 Odds one received on tap (6)
9 Strange nut finished without a guard (8)
10 French cathedral attached to Britain (6)
11 Water spare feathers (4, 4)
12 Artist in eating place takes to the bottle (6)
14 Summons making children class-conscious (6, 4)
18 Warming up exercise in puffer by No. 1 batsman (4-6)
22 Neat maybe and not heartless occupant (6)
23 Why a Lords appeal? (4; 4)
24 Stays with sailor before 15th March (6)
25 Less than half youth (S)
26 Embrace cathedral in a big way (6)
27 Rifle salesman joins consumer (8)

DOWN

1 Reliable tin-opener corroded (6)
2 Make necessary settlement of estate (6)
3 Sullen Pole included in lament (6)
4 Hang on to gate stump (4...
6 Friend on piano in position that can be touched (8)
7 Faces pulled forbidding experts (8)
8 Gaudy hawk very small on the outside (8)
13 Start showing animation to recover biography (4, 2, 4)
15 Notice accountant keep quiet payment on the nail (4, 4)
16 Lively handy punishment (8)
17 Huntsman making apostle strip off (4, 4)
19 Fire remains source of metal off the ship (6)
20 Confession and absolution move outside right (6)
21 Visitor with stamina (6)

Solution to Puzzle No. 4,304



THE ARTS

Festival Hall

Philharmonia

by DAVID MURRAY

The Philharmonia concert on Sunday under Lorin Maazel formed a pendant to their recent cycle of Mahler's symphonies, bringing forward the two orchestral song-cycles. Julia Hamari was to have sung both the *Lieder eines fahrenden Gesellen* and, with the American tenor Kenneth Riegel, *Das Lied von der Erde*; a sudden indisposition forced the Philharmonia to seek a mezzo-soprano nearer home, and they found not one but two sterling substitutes. The *Fahrenden Gesellen* cycle was entrusted to Ann Murray, who poured out a lovely, liquid line—treating the word-sense only generally, wise discretion in a cycle whose protagonist is specifically male—and sustained the feeling of the songs with faultless musicianship.

The vernal freshness of Miss Murray's timbre added a special poignancy to her interpretation, and almost concealed the sophisticated ease with which she met the vocal challenges of the work. Maazel's accompaniment had the expected touch of sternness; but every point was precisely made, and he treated his soloist with generous sympathy. *Das Lied* requires a voice of broader authority, and in principle Yvonne Minton's is ideal for the work. But this was an unlucky evening for her—she is after all in the middle of the run of *Parsifal* at Covent Garden; her assurance was perhaps dented by a sad lapse in the fourth song, and in several places she slipped uncharacteristically below pitch. That admitted, there were nevertheless marks of great distinction in what she did.

By design or by accident of personnel, Maazel's *Das Lied* was one that offered only qualified solace. Riegel's urgent singing had an apt edge of shrillness in the first song which enabled him to penetrate the orchestral wall with unusual success, but guaranteed that the moments of raucous despair would count for more than the visionary musings. In those latter passages and elsewhere later, the Philharmonia strings offered only a muted luminocity—though everywhere the wind solos were so beautifully taken as to deserve paragraphs to themselves. Miss Minton made the second song a study in desperate weariness (certainly intentional, for later the outburst at "O Schönheit!" was delivered with heart-wrenching passion). The scherzo movements were not allowed to lighten the mood much; then much of the Finale was enacted in numb stillness (Miss Minton's narrations indifferently quick) until "O Schönheit!" and the funeral march, which Maazel shaped powerfully to make an an unambiguous conclusion—"Die liebe Erde . . ." became pure epilogue, not a final transformation. The amplitude of expression was constrained, though the whole reading was ripely consistent and full of illuminating detail.

Haymarket Studio, Leicester

Errors

by ELIZABETH FORBES

Leicester University, in association with the Midland Bank and East Midlands Arts, last week gave four performances of *Errors*, a new opera based on Shakespeare's comedy, by Andrew Wilson-Dickson, the young Leicester composer whose previous opera, *Sir Gawain and the Green Knight*, showed great promise. With *Errors*, a work scored for chamber ensemble and lasting about a 100 minutes with one short interval, Mr. Wilson-Dickson consolidates that promise, and shows real dramatic feeling for pace—a virtue that so many budding British opera composers conspicuously lack.

Shakespeare's play has been expertly filleted by Roger Warren, who also staged and designed the fast-moving production in the tiny Haymarket Studio. The text concentrates on the main plot, the confusion between the two sets of twins and their eventual recognition of each other and reunion. Mr. Wilson-Dickson sets the words in a heightened form of speech-rhythm, which flowers briefly into arioso, as in Antipholous of Syracuse's "I to the world am like a drop of water that in the ocean seeks another drop."

Adriana—wife to Antipholus of Ephesus—has a full scale aria after her rejection by the "husband" who denies all knowledge of her. The two Dromios are characterised by rock or jazz rhythms, while the older or grander personages, like the Abbess and the Duke, have a slower, more measured tempo. The composer, as he admits in a programme note, is "awakening to the dramatic potential of . . . ensembles," and exploits this new device most skilfully, in several quartets and a splendid finale.

The opera is scored for seven instrumentalists, three wind and three string players, most of whom double on a second instrument, and electric piano, played on this occasion by the composer, who also conducted the excellently prepared performance. The Antipholus twins were sung by Rodney Macann (Syracuse) and Michael Rippon (Ephesus), respectively gentle baritone and choleric bass. The two Dromios, tenors, were Max Dhonau (Syracuse) and Richard Stone (Ephesus). Patricia Garnham (Luciana) and Janne Martyn (Adriana) had nicely contrasting soprano roles. Roger Hardwick's set, lit by Chris Ellis, made clever use of silhouette effects.

Wigmore Hall

James Atherton

by DAVID MURRAY

The young American tenor James Atherton made a striking impression in Haydn at Glyndebourne last summer, and on Saturday he renewed it with *éclat*. The voice is intrinsically exciting: though he has adapted it to the high tessitura where lightness and flexibility are expected, it has the power and vibrancy associated with a more heroic range. Under pressure, the burnished gleam of his tone positively glows—he let rip triumphantly in Schubert's "Mein!" and Duparc's "Phidylé," and one could imagine how his Pedrillo and even Mussorgsky's Simpleton must ring out in the Met. For a time one thought that presentation and a sharply etched line were going to do duty for variety of colour, but the later reaches of his recital revealed fresh tonal subtleties too.

In short, his natural instrument seems to have been professionally developed, even engineered, to a peak of brilliant efficiency—almost too good to be true (though he settled for the bottom edge of top notes often enough to confirm one's suspicion that the voice began much further down). He has a taste for uncommonly quick tempi: "Mein!" and "Der Musensohn" too were dazzling races, with virtually no loss in springing precision or the elegant line. Inwardness of expression does not figure in his armoury: Lensky's aria from *Eugen Onegin* lost much as a gabbled confession, rashly brisk, with no sense of melancholy self-assessment. The French songs leant overmuch to extrovert candour, too, though that may have been enforced by his obtrusively heavy accompaniment (basses like Brahms!) — Levering Rothfuss had supported him with refinement and beautiful keyboard-balance in Schubert, but seemed quite out of sympathy with the French.

A generous group of Charles Ives songs was done with enormous zest, and there was particularly imaginative singing in the neo-academic Six Elizabethan Songs of Dominick Argento (technically showy, harmonically flaccid). Atherton's presentation has its own risky style: every song is expressively enacted through the face, histrionically explicit — something I thought no male singer could get away with in "Lachen und Weinen" or "Ganymed," but he did. It suggests 19th-century *tableaux vivants*, but the trick is turned with panache, and always sustained through the last note. "Operatic" would be an insufficient description; imagine rather a Tim Brooke-Taylor endowed with boyish good looks.

'Pilgrim at the Gate of Idleness' by Sir Edward Coley Burne-Jones

Roy Miles

Viva Victoria

by ROY STRONG

Few of the periods in British painting are so confusing and rich as the Victorian and Edwardian ages. The sheer quantity and quality of the surviving pictures, plus the unbelievable diversity of their subject matter renders many of them still *terra incognita*, in spite of the labours of scholars who have established what amounts to an industry on the subject. Yet we still lack definitive works on W. P. Frith, John Frederick Lewis or Alma-Tadema, to name but three, while the study of subject matter is still in its infancy. The imperial theme, the portrait and the vision of classical antiquity for example, have still to be anatomised. But at least our appreciation of their achievement is at full flood, as the prices fetched for any major picture bears ample testimony.

As it was an age of intense nationalism it is only natural for us to focus our attention on our own native painters. Apart from them our interest has always stretched to a more than generous obsession with French 19th century art, but never to Italian. So it is that Roy Mile's *Viva Victoria* sets out to be doubly imaginative by trying to focus on the relationship between England and Rome during the period 1870 to 1880. The idea is a good one but inevitably many of the items slip the net, although it does enable us to gain a glimpse of the work of one or two Italian artists working in the post-Risorgimento period when they were striving to create a national school. I freely confess my ignorance of these painters. As a young visitor to Italy painting tended to end in about 1700 with allowances for Venice in the shape of Guardi, Tiepolo and Canaletto to take us on through the 18th century. How many of us ever climb those stairs to the top floor of the Palazzo Pitti to see the Italian moderns or, in Rome, make our way to the Galleria di Arte Moderna? So there is a degree of pioneering here in placing side by side with the work of our own artists, pictures by painters who watched with interest developments in England.

Edoardo Gioja was influenced by the Pre-Raphaelites and under the impact of Burne-Jones and William Morris set out to design whole interiors. Here he is represented by three portraits and a study of lizards. *Innocence*, the head of a blonde girl, shows him with that competence in draughtmanship and in the handling of paint that leads in a direct line of descent to Pietro Annigoni. *Almond Blossom*, another blonde girl, so epitomises in its treacly sentiment everything those of us brought up under the triumph of the modernist movement have been taught to despise that it is extremely difficult to judge it objectively. It is pure chocolate box, the perfect accompaniment to Maples Louis XV. Fabio Fabbi's *The Selling of the Slav Girl* is unadulterated soft porn, relieved only by two striking heads in the background and by the thought of how much Fellini's vision of the Roman decadence must owe to this kind of painting. Of the Italian contingent, therefore, the Paris-based Ulisse Caputo's *The Interval*, recording the encounter of two fashionable women, is by far the most impressive, with its echoes of the Impressionists and of the chic world of Boldini, Hélleu and Sargent. Perhaps the time has not yet come for us to understand this particular type of painting and I feel that is would need a carefully selected and edited major exhibition to introduce us in depth to any appreciation of it.

I would also add that although it was imaginative it was also unfair to exhibit them side by side with some very major Victorian pictures. Of these pride of place must go to Burne-Jones's illustrations to *The Romaunt of the Rose*, two pictures which have not publicly been seen since 1893. The third, *Love Leading the Pilgrim*, is in the Tate Gallery. In the first, the *Pilgrim at the Gate of Idleness*, a figure like Dante is beckoned to cross a castle moat by Lady Idleness; in the second, *The Heart of the Rose*, Love, with vast dark wings like the Victory of Samothrace, leads the Pilgrim to the loved one embowered in the rose tree. Both compositions are archaicising in their frieze-like arrangement of almost two dimensional figures acting on a narrow foreground stage confined by a backdrop of impenetrable trees and a crenellated castle wall. These features also reflect their origins as tapestry cartoons. Together they form a hypnotic monument to Victorian chivalry, the worship of the lady conceived with almost religious overtones.

Earlier in date but belonging to the same tradition comes Walter Crane's sparkling little panel of *The Seasons*, a group of four women with the dresses and props of Alma-Tadema interpreted by a cross between Flaxman, Morris and Burne-Jones. Crane was only 29 when he painted this essay in pure decoration that anticipates all that was to come. It is not the quality of the painting that impresses but total assurance in the handling of the linear design as one figure effortlessly leads on to another.

For me the most stunning of all the pictures is one in the Pre-Raphaelite vein by a Liverpool artist, John Lee. *Sweethearts and Wives (looking towards Rockferne from Liverpool)* was painted in 1860, at the apogee of Victoria's reign and stands outside the main theme of the exhibition. In its minute observation of detail and brilliance of colour it is directly Pre-Raphaelite but it is tinged with a streak of madness that recalls Richard Dadd. The composition with its use of the cut-off figure of a young sailor owes something to the camera lens. A sailor is coming ashore, stepping up out of a boat to be greeted by his sweetheart (or wife). Between the two figures we glimpse one looking down on to the child his wife has borne him in his absence. On the quay two other girls quiz another. This is a pure Victorian idyll of brave British tars and their virtuous loved ones. Lee's debt to the famous Crimean War canvases, *Eastward Ho! August, 1857* and *Home Again, 1858*, is obvious.

In all *Viva Victoria* offers us some 40 paintings in which the diversity of vision remains a constant surprise. At one moment it is the calm of a summer's day in the garden, by Marcus Stone; at another a fantasy of girlie magazine banality such as John Collier's *The Pharaoh's Handmaidens*; or we can be brought up sharply by the virtuosity of Richard Redgrave's sunlit woodland glade; or the mannerist eccentricities of Lord Leightor's *Lieder Ohne Worte*, in which a girl dreams away while water trickles into a minute pitcher.

Television

One Hundred Great Paintings

The first week of BBC2's *One Hundred Great Paintings* has proved that it is still possible for television to find ideas that are entirely new and very good. It seems fair to say so after only five of these hundred ten-minute programmes because none fo the four presenters we have seen so far, describing paintings in five different collections, has ever been less than engaging.

Unlike almost every other fine art series this one does not rely upon chronological sequence for narrative strength. Instead Ed Mullins, evidently the moving spirit of the undertaking, has chosen weekly themes, the first of which—"The Magic of Light"—could obviously encompass virtually anything. Hence he might have picked five of the best programmes for a flying start.

Yet considering the plums to come (David Hockney on Van Gogh's "Cafe Terrace at Night" on Thursday this week for instance) it does look as though he went, rather, for sheer variety, and immensely impressive that variety has been. Mullins himself is familiar to us and it is right that he should be at the centre of the series because he is one of the most articulate and pleasing speakers about painting that television has found so far. It was foreseeable too that George Melly would contribute his enthusiasm and knowledge about surrealism, and good to find such a modern movement included so early in the shape of Magritte's eery and fascinating night-and-day picture "The Empire of Light."

But Robert Rosenblum who expatiated so vigorously if totally unconvincingly on Rothko's banal and uninspiring rectangles (even Rosenblum, doubtless unwittingly, acknowledging their meaningless emptiness by associating them with "cosmic ultimates") and Alistair Smith, who presented the very first programme which was devoted exclusively to Caravaggio's "Supper at Emmaus" into which he seemed to have endless interesting insights, were completely new to me. It is already clear that this is going to be a tremendously valuable and indeed compelling series.

However, there are two complaints to be made. The first is that the programmes are being thrown away as time fillers anywhere between seven and eight o'clock, a ludicrous practice which will deny them the maximum regular audience they deserve.

The second arises from the fact that no artist throughout history has ever painted a picture in the hope that the onlooker will concentrate initially on a detail. All artists create their paintings in the expectation that they will be seen entire by the viewer. To stifle that expectation by using the camera at the outset to hide some of the painting is an unforgiveable piece of editorial arrogance valuing the programme maker's judgment above that of the artist.

Often *One Hundred Great Paintings* does allow us initial sight of the whole canvas, but not always. There should have been an unbreakable rule allowing us to see the entire work first. Despite that it is still the most invigorating and original series on painting for ages.

CHRIS DUNKLEY

Ronnie Scott's

Art Pepper

American alto - saxophonist Art Pepper, for long associated with the so-called West Coast school of jazz, mainly through his periods in the bands of Stan Kenton, is enjoying something of a re-birth following extended periods of inactivity caused, as "they" euphemistically say, by "personal problems." Now 54 and his disturbing autobiography having seemingly cleansed his persona, Pepper is increasingly being vaunted as the major altoist of the day. Listeners have until Saturday to check for themselves at Ronnie Scott's but judging by the two sets I heard last week such claims are not extravagant.

The sinuous melodic lines Pepper so adroitly traces, his tone and vastly creative improvisations leave no doubt that he is a musician of immense stature. His technical command can be taken for granted but what impresses most of all is the depth of his playing. He can take a familiar tune such as "Over the Rainbow" or "Caravan" and freshen it up without resorting to gimmicks. His imagination is fertile, his melodic sense hugely developed.

Pepper's style can be described as containing something from Charlie Parker plus something from Lee Konitz which is mixed with his own individual approach, the gem of which is a wide dynamic range.

The altoist is accompanied by his own rhythm section which provides exactly the right support for his resolute playing and which hardly put a foot wrong all night, apart from some insecure four-bar exchanges between bassist Tony Dumas and drummer Carl Burnett at the conclusion of an exhilarating "Avalon." The trio is completed notably by a Bulgarian-born pianist, Milcho Leviev.

KEVIN HENRIQUES

York Festival

On the fringe

by WILFRID MELLERS

York, with its multiplicity of fine buildings of many periods, is a splendid ctiy to house a festival: this year's is on a generous scale, and if less sharply focused than some earlier festivals, succeeds in offering something for almost everyone. Of the major Minster-orientated concerts I'll write later; here I'll comment on events that seem peripheral but aren't, since they give the festival its character.

The director has had the more than dimly illuminating notion of a number of candle-lit, late-night recitals in York's medieval churches; one series, by artists in whom I must honestly "declare an interest," provided my richest musical sustenance in years. The Fitzwilliam Quartet, being resident in the University, has local affiliations, while having also achieved an international reputation — especially through their medal-awarded recordings of the quartets of Shostakovich, whose extraordinarily simple and simply extraordinary 11th they included in one of these programmes. What I hadn't altogether anticipated was the majesty of their performances of some of the supreme works in the repertory. Their mastery of the "morphological" structure of Beethoven's opus 132 never faltered; never have I heard the Hymn of Thanksgiving sound more sonorously sublime. Similarly Schubert's quintet, with Moray Welsh as second cello, resonantly bloomed. The massive first movement didn't flinch in confronting regression with agression; the Edenic slow movement transported us "out of this world," even though its middle section scared the wits out of us; the corybantic scherzo reaffirmed the physicality of the earth, only to juxtapose it with the mysterious trio, taken very slowly, with darkly brooding sumptuousness. In comparable equivocation the superficially jolly yet near-frenetic rondo-finale simultaneously disturbed and healed.

Setting and acoustics contributed, too, to the affecting quality of a fortepiano recital by Richard Burnett at nearby Beningbrough Hall, recently nobly restored by the National Trust. The entrance hall, lofty but not too wide or deep, was precisely appropriate to Burnett's 1826 Graf: which didn't enlarge my experience of Haydn but proved revelatory in Beethoven's Moonlight Sonata: not merely in the first movement's pedal effects, but also in the last movement's tempest which sounded, though smaller in volume, fiercer in variety of sonority than on a modern instrument.

A few days later a much younger pianist, Kathryn Stott, playing the magnificent Steinway at St. John's College, demonstrated that the modern concert grand *can* be an instrument appropriate to Chopin and, in the performance of Beethoven, can accommodate power to sensitivity. Her playing of the wondrous *Les Adieux*, a sonata as difficult emotionally as it is technically, was impressively mature: coherent in line, controlled in rhythm, sustained in sonority throughout the music's profound waywardness.

A few new pieces have cropped up. John Scott Whiteley, in his technically brilliant recital at the Lyons Concert Hall, included a post-Messiaenic virtuoso *Toccata* by Guillou that was new, at least, to me, generating an oddly frustrated excitation. A short piece by a student composer, Victor Smith, for the improbable duo of organ and piano, was in some ways comparable: texturally original and stimulating at the outeset, but youthfully half-baked in total effect since we're left in limbo, unsure where the stimulation has led us. At another Lyons Concert Hall recital the Fitzwilliam Quartet appeared as propagandists for new music, repeating Colin Matthews' lucidly argued, aurally imaginative quartet which they'd recently premiered at Aldeburgh. The quartet's leader, Christopher Rowland, also played, with a musical insight matching his formidable technical skill, two works for solo violin and tape, both written for him. Richard Orton's *Icarus* displays, as always, an acute ear and rich sensibility; Icarus's flight and fall is realised in music that, whatever its technical difficulties, is in effect simple, sensuous and passionate, the live violin representing man's aspiration or presumption, as against the tape's elemtnal earth, air, fire and water. John Casken's *A Belle Pavine* was triggered off by consort music of John Jenkins that was in turn inspired by the bells of Oxford. The tape noises are made from crystal bowls, which emulate both bells and viols; the violin sounds as though distilled, by some alchemical process, from this alliance. Though a slight piece, *A Belle Pavine* creates a haven of quiet within the mind; and enhances its composer's flourishing reputation.

Prince Charles to attend Armstrong anniversary concert

Prince Charles is to attend this year's Louis Armstrong Anniversary Concert at the Festival Hall on Monday, July 7 at 8 p.m.

Three of Britain's top trumpeters and their bands will pay tribute to Armstrong, who died on July 6, 1971. They are Humphrey Lyttelton, Alex Welsh and Digby Fairweather. Special guest is American clarinettist Peanuts Hucko, who for several years played in Armstrong's All-Stars. Prior to that he was a member of Glenn Miller's Army Band and for some years subsequently led the Miller "ghost" band.

The concert is being presented by promoter Michael Webber and is in aid of the Mountbatten Memorial Trust. Tickets range from £6 to £1.50.

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Not just at the summit

THE economic summit meeting in Venice was preceded by a flurry of recriminations between the participating countries. Was Chancellor Schmidt of West Germany preparing to undermine the NATO position on the modernisation of theatre nuclear weapons on his forthcoming visit to Moscow? Or had the European Community upset the U.S. by its recent declaration on the Middle East? Yet, in the event, the meeting ended on a note of unity and even amity.

Afghanistan

Agreement in principle on the major issues of the day—energy, inflation, and security—was only to be expected. The forces which hold the industrial democracies together are much stronger than those which pull them apart. There is, in fact, a shared belief among the participants that they must either hang together or hang separately. Not one of the countries involved is seriously challenging it: not even France, whose opposition to the Soviet invasion of Afghanistan has been consistently sharp. The Venice meeting survived the sudden Soviet offer of a partial troop withdrawal without in any way being tempted to believe that the basic situation had changed.

What is disturbing, however, is that it should require a summit meeting for the unity to become obvious. The gathering in Venice was the sixth of its kind so far. Each has ended with a general understanding on a common approach to shared problems only for the bickering to break out again shortly afterwards. The impression given is that unity is a last resort rather than a first priority.

Authority

It cannot be that the meetings are inadequately prepared. It would have been impossible, for example, for the heads of government in Venice to have issued the detailed statement on energy without a good deal of work having been done in advance by officials. In practice, the statement is a compilation of and supplement to agreements that have already been reached in other bodies such as the International Energy Agency and the European Community. It is none the less welcome for that. The purpose of the summit is presumably to confer the highest possible authority on allied decisions, whether or not those decisions are new.

Yet the question remains of how to maintain momentum between meetings. The language of the Venice statement is stark. It speaks of "the reality of even higher inflation and the imminent threat of severe recession unemployment in the industrialised countries" as well as of the virtual destruction of the prospects for economic growth in the developing world. Those words must be meant to be taken seriously. But it will be difficult to do so if the participants begin quarrelling again and suspecting each other of independent initiatives once the summit is out of the way.

There are some genuine reasons why the relationship between Europe and the U.S. is no longer as easy as it was. There has been a shift in the balance of power within the alliance: Europe has become economically and politically stronger and the U.S. relatively weaker. President Carter came to office renouncing a global role for the U.S., though he appears to have changed since Afghanistan. It is not surprising in these circumstances that there should be room for misunderstandings. Nor does Europe make it easy for itself when it calls for American leadership, then seems to reject it when it is offered.

Cooperation

Yet these are the very tensions of which heads of government need to be aware. They cannot expect the case for unity to be preached from the bottom, nor by politicians less active in foreign affairs. It is the example set at the top that matters. Unfortunately, one cannot say that in the past year or two it has been very good, the frequent recriminations beween Chancellor Schmidt and Mr. Carter being the most conspicuous lapse.

The Venice meeting will turn out to have been worthwhile if the unity that has been produced on paper is preserved in practice. The economic summits so far have looked like exercises in patching up problems rather than a continuous process of improving co-operation. The irony is that behind the scenes co-operation has undoubtedly become better. It is a peculiar approach to government to acknowledge this in private, but to quarrel in public. If unity is worth having, it is worth demonstrating—not just at the summit.

Time runs out for Britain's microchip producer

BY GUY DE JONQUIERES

ONE AFTERNOON recently a group of Westminster MPs were to be found squinting intently at two strangely shaped devices passed around for their inspection by a visiting U.S. businessman.

One was a tiny black and gold strip fitted with two rows of prongs and resembling a kind of mechanical insect. The other was a highly-polished metallic disc a few inches in diameter, the surface of which was engraved with intricate hieroglyphics.

The two exhibits were a prototype microelectronic memory and a silicon wafer containing several dozen raw microchips. They represent the first tangible results of the £25m which the British Government has so far injected into Inmos, the National Enterprise Board's micro-electronics subsidiary.

Sir Keith wants private investors to join in: so far, there are no takers

The businessman who produced them is Dr. Dick Petritz, Inmos' president.

Dr. Petritz's dry professorial manner belies a passionate faith in Inmos' technological innovation and a Texas-sized ambition for its commercial success. He is convinced that the company's products are world beaters and that it and the British Government can make a killing by getting them on the market before its competitors catch up.

The type of chips which Inmos plans to make will contain the equivalent of more than 100,000 transistors. They will be "standard" chips, manufactured in very large quantities and suitable for a wide range of applications in computers, telecommunications and industrial controls.

Independent forecasts suggest that the market for them is on the point of take-off and will develop at a dizzying speed over the next few years. By 1984, it is estimated, it would be worth as much as £3bn a year worldwide.

But time is running out for Inmos. Its request for a second £25m in Government funding, which it needs to build a UK factory, has been blocked in Cabinet for six months. Dr. Petritz has told the NEB that there must be a decision by the end of this month if the plant is to be built at all. Otherwise, he has hinted, he and his colleagues may consider decamping to the U.S., where they are confident of getting private backing.

The bulk of Inmos' budget has so far been spent on a research centre and production facility in Colorado Springs, in the foothills of the Rocky Mountains. This is consistent with the original master plan, which envisaged that Inmos' initial technology would be developed in the U.S. But it also means that if the project were terminated now, the only assets that the Government would be left with would be a cluster of buildings and some machinery on the other side of the Atlantic.

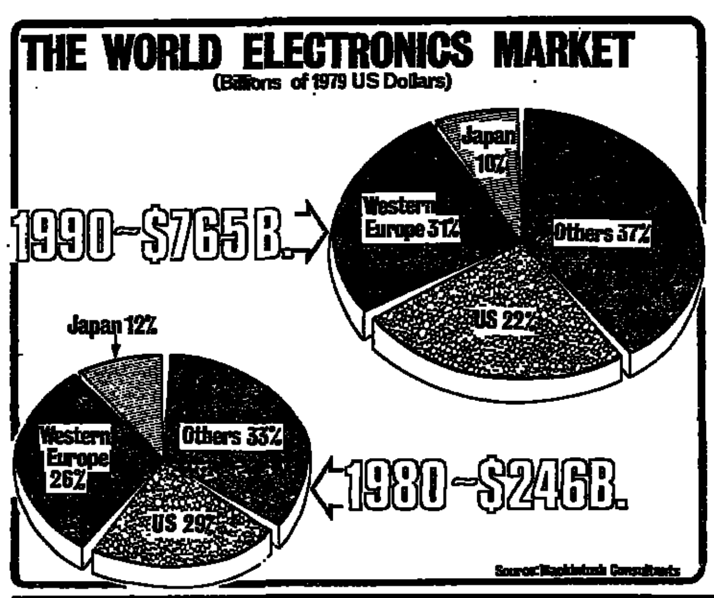
The main obstacle delaying a decision has been a bitter dispute over where Inmos' UK factory should be built. A majority of ministers, backed by MPs on both sides of the House, believe that it should be located in a region of high unemployment where it would create some 3,000 new jobs. Specifically, most members of the Cabinet favour Cardiff.

But Inmos' founders have set their sights on the more bucolic pastures of suburban Bristol and refuse to be budged. They argue that the silicon "superstars" which Inmos has attracted want to wake up in the morning to vistas of rolling hills, not to a grey industrial landscape. In any case, the company has already picked out a suitable site where it is ready to start construction.

Impaled on the horns of the dispute is Sir Keith Joseph, the Industry Minister. He appears to have overcome many of his initial misgivings about the venture's technological merits. But he seems constrained by his own ideological distaste for *dirigiste* policies from ordering Inmos to choose a location other than Bristol. He would also clearly like private investors to take an interest in the project.

Terry Kirk

Dr. Richard Petritz, president of Inmos.



Despite efforts by the NEB to interest private investors, there have been no takers so far. The General Electric Company (GEC) has sniffed the project over. But its decision not to proceed further can hardly have impressed other potential investors with the venture's commercial prospects.

The City, for its part, has long been sceptical. "It is truly extraordinary," one City analyst mused recently, "that the Inmos people should have walked in off the street three years ago and persuaded the last Government to back a totally unproven idea which had 'high risk' written all over it."

Some might see this as a classic case of short-term thinking by the City. But it is also true that Inmos has yet to show that it can fulfil its promises. It has not even begun to send out to industrial users for evaluation its first planned product, a 16-K electronic memory due to be introduced next September. Nor is there any firm evidence yet that it can achieve its goal of becoming profitable and financially independent by 1983.

Even some of Inmos' backers believe that the time has come to take another hard look at the project. Dr. Ian Mackintosh, a leading electronics consultant who advised the Government to support Inmos, believes that it should be asked some searching questions about its performance to date. Only if it is shown to be on target should it be given a second £25m, he says.

The NEB recently launched an internal review of Inmos. The review will determine how far Inmos has suffered by the delay in the Government's funding decision. It is also expected to examine progress made in fulfilling the development schedule and business plan of Inmos.

Lack of precise information of this kind was one reason why GEC backed out of the Inmos talks. But there were others. According to Mr. Derek Roberts, GEC's director of research, the group saw no commercial logic in taking over an operation whose purpose was to make standard chips in quantity for the world market.

He says: "Each new generation of standard chip has been pioneered by a different manufacturer. If, in the longer run, we needed products which a captive chip-maker could not provide, we would be in an extremely difficult position. Either we would put impossible pressures on our own people or waste our investment by buying outside."

Mr. Roberts believes that when GEC needs to make its own chips, it should buy the technology selectively from other companies. It recently signed an agreement with Mitel, a fast-growing Canadian company which has developed a process for making specialised integrated circuits called ISO-CMOS. It is also believed to be discussing similar deals with other North American companies.

This approach is, however, in sharp contrast to GEC's strategy until recently. Only last summer it announced that it was launching a joint venture to manufacture chips in large volume in the UK in partnership with Fairchild, a major American integrated circuit manufacturer. There now is some question about whether that project will go ahead as planned.

Both GEC and Fairchild are coy about the future of the venture, which was to begin production this autumn. But it is understood that it is currently being reassessed, both in the light of changes in GEC's own thinking and of the emergence of problems in the American camp.

Fairchild, which has undertaken to supply the technology for the operation, recently said that it might be unable to deliver it on time. It is unclear whether the threatened delay is directly linked to the wide-ranging internal shake-up which has occurred at Fairchild's headquarters since the concern was taken over by Schlumberger, the French oil services company, last autumn.

Soon after the take-over Fairchild's British-born president, Mr. Wilf Corrigan, who was personally committed to establishing the joint venture, left the company. Meanwhile Schlumberger, which has never gone out of its way to encourage curiosity about its far-flung international activities, has given no public indication of how it views the project.

Whether the uncertainty about the future of the GEC-Fairchild operation improves or diminishes the case for Inmos is highly debatable. It is a point which Sir Keith Joseph's advisers are no doubt wrestling with at the moment. Those who doubt whether Inmos is needed argue that when GEC and Fairchild opened discussions about 2½ years ago, the strategic case for establishing a major semi-conductor facility in Britain was far stronger than it is today.

British industry was then almost wholly dependent on imported chips and vulnerable to sudden shortages on the world market, such as developed for certain key types of memory device last year. There was also the danger that trade could be disrupted by some form of U.S. embargo imposed for political reasons. With no alternative European source of supply to turn to, British customers could face severe difficulties.

Since then two things have happened to reduce these risks. Several major U.S. semi-conductor companies, including Texas Instruments, National Semiconductor, and Motorola, have decided to establish production in Britain. And Japan has burst on to the world market as a big supplier of some of the most commonly-used types of chips.

But others argue that these developments do not remove the case for an indigenous venture of the type Inmos is supposed to be. They point out that the business of producing chips has become so tightly integrated that it is impossible to remain in the forefront of technology without being involved in the entire process from initial design to manufacturing.

The evidence suggests, they say, that American companies decentralise production but keep the most advanced research and development work in the U.S. The result, they claim, is that American industrial customers enjoy privileged access to the latest technology.

But it is questionable whether Inmos, even if it is successful, would do much to change this situation. By general consent, any chip-making venture seeking to establish itself internationally must crack the U.S. market. According to Derek Roberts, "that will mean that British customers will have to take their place in the queue. If Inmos succeeds, it won't be by doing favours for small British companies."

"If Inmos succeeds, it won't do favours for small UK companies"

It is also doubtful how far British industry's development has really been constrained by its dependence on imported technology. Many experts would argue that its problems lie much more in its failure to exploit adequately the technology which it already has, and that greater emphasis should be placed on supporting the application of microchips rather than their production.

To be fair to Inmos' founders, they do not claim that the company offers any magic key to the regeneration of British industry. Their case for continued state support rests largely on their assertion that they have a technology that can win on world markets. But given the politically-charged atmosphere surrounding the project, it seems likely that the Government's eventual decision will turn on issues far more complex and varied than a straightforward assessment of whether that assertion is commercially valid.

Gold points to deflation

IF THE market in gold were like any other market, its price should be rising strongly now. Production has been falling, despite the very high ruling prices, which have made it possible to exploit extremely lean ores very profitably: mining output in the non-Communist world is down by nearly a quarter over the last decade. Official gold sales, mainly by the USSR, the U.S. and the International Monetary Fund, which peaked last year and met nearly a third of private free-world demand, appear to be falling sharply. Political and industrial conditions in South Africa are now more uncertain than for a considerable time past.

Sensitive

Nevertheless, the gold price, though it has risen substantially in recent weeks, is still well below the peak reached a few months ago; and this must on the whole be seen as a reassuring sign. The very detailed analysis provided each year by Consolidated Gold Fields underlines again a familiar fact: the gold price is highly sensitive to political and inflation fears, which at crisis points dominate all other factors in the market.

Private hoarding and investment demand for bullion and coins is extremely volatile. Private holders were net sellers of bullion and official coins to the tune of 50 metric tons annually in the four years up to the 1973 oil shock. In 1973 and 1974 they purchased a total of nearly 1,400 tons. In the following four years this demand fell back to an average of 350 tons annually, only to rise again to 740 tons last year.

Unrewarding

The signs of overheating in the world economy last year were of course only one factor. The researchers feel that the U.S. action in blocking Iranian financial assets was a major influence. It seems, too, that the rapprochement between the U.S. and China had its own effect: shipment of bullion to Taiwan reached 68 tons, four times the total in the previous year. The gold barometer seems sensitive to turbulent conditions almost anywhere.

The relative calm of the market recently cannot, alas be read as signalling a sudden onset of sunny political conditions; but it does show how far the investment market has been impressed by the determined monetary action now being taken to check inflation. It is at times like these, perhaps, that investors remind themselves that gold can be a relatively unrewarding holding over long periods. Indeed, since the mid-1970s, when the peak price was a mere $200, an investment in D-marks or Swiss francs has outperformed gold.

The existence of very large stocks of gold manufactures in small personal holdings has also proved an influence in the gold as in the silver market during recent months. A major factor now depressing demand in the jewellery market, which is causing a minor industrial slump in Italy, is attributed in the report to the very large trade purchases of second-hand gold jewellery last winter. The gold market, unlike the silver market, has been able to absorb this sell-off relatively easy, but clearly little old ladies have a formidable sense of timing.

Reserves

In the long term, of course, the trend of the gold price is likely to remain upwards; gold-holders may well be right to be sceptical about the long-term effect of the present battle against inflation. All the same, gold is normally an unrewarding speculation during a recession, and that pattern seems likely to hold. Perhaps the most interesting function of gold in the period immediately ahead will be its revived role as a major component in international reserves. When there are repeated warnings of the difficulties of financing payments deficits, and a new pattern of deficits is emerging, it seems unlikely that the two super-powers will remain the only countries which are willing to mobilise gold held officially.

MEN AND MATTERS

Checking out energy savers

The usual complaint I hear about British corporate executives is that they bring too much work home and then have less time for their personal lives. But Tesco's energy-conscious managing director, Ian MacLaurin, seems to be applying his domestic interests to his commercial activities.

He has for some time been busy with personal projects to conserve energy. So inspired, I understand, that he is about to urge his board colleagues to sponsor a nationwide awards scheme for local authorities which make special efforts to "Save It."

MacLaurin is one who definitely knows whereof he speaks. At his Hertfordshire home he has installed wood burning stoves, double-glazed windows and a specially lined roof. In the Tesco universe, energy saving has also been introduced in a big way. Although last year's group profits dipped by £1.1m, this year the company may help restore balance by saving up to one third of its energy costs by using glass doors in the frozen food department, foil curtains in the dairy section and reduced lighting throughout.

Although the Tesco awards programme has not yet been approved formally, the idea is for "an eminent group of citizens" to decide upon worthy local councils to receive around £5,000 each for conservation efforts.

Says one of MacLaurin's friends: "I have watched him get involved in genuine energy-saving projects, and he's very serious about self-sufficiency." I understand, though, that he still does most of his shopping at the company store.

"I would like to remind the Russians in Afghanistan of that good old Socialist maxim: "One out—all out!"

Home from home

For all the grumbling over the Confederation of British Industry's move across London into the Centre Point monolith, there is one man with cause to be pleased. This week's change of headquarters places CBI president Sir Ray Pennock plumb in the centre of a key area for personal operations.

Keen as he is on more intimate relations with the unions, who are themselves courting the CBI, Sir Ray will find himself virtually within hailing distance of the TUC base in Great Russell Street. And he is only a short walk from the chairman's office he recently took over in the antiquated former hotel which now houses BICC.

Until last year, when the late Sir John Methven decided to beautify one of capitalism's less acceptable faces by moving the CBI's 400 staff from cramped Tothill Street into the 15-year-old Centre Point, the 30-storey building's sole tenant was a Greek shipping company. Now the confederation is taking over the bottom 15 floors at an eventual cost of £3.5m, sandwiching the Greeks, who remain resolutely ensconced in the fifth floor.

Sir Ray is slotted in on floor 10, while at the top sits the international affairs directorate. This elevation is considered apt by some because it gives the most panoramic and distant view.

Oliver's Twist

A middle-aged executive who last year launched a school to teach middle-aged executives how to set themselves up in business has taken a leaf from his own text book. Oliver Stutchbury, managing director of the Save and Prosper Group from 1959 to 1972, is back in the unit trust business.

After an only modestly rewarding spin around the political fringe, the millionaire socialist this week launches a new fund to be known as the Dartington Total Performance Unit Trust. Financed with £25,000 each from Federation Mutual Insurance and Dartington and Company — an investment group which functions as merchant banker to the Far West—the new trust will start with an issue of 1m units at 25p.

Stutchbury, who three years ago nosed-dived off the political stage after a jolly campaign to abolish the Greater London Council, still holds strong views on the capital.

He is interested in this new venture, he tells me from his West Country fastness, "because too many investment decisions are taken in London. We in the provinces don't think that it is healthy to make all decisions there."

Emerald oil

The wild-eyed drama and infectious excitement of the oil business is beginning to disturb the peace in the desolate and far-flung Western reaches of Ireland. According to my friends in the Irish oil industry, a find like the one credited to BP and Aran Energy in the waters of the Porcupine Basin (200m barrels of reserve) could radically transform life in under-privileged Limerick and Galway.

Shannon, a staging base for helicopters supplying off-shore drillers, has already benefited. But in the event of a confirmed commercial discovery, the 2,000 inhabitants of the fishing village of Fenit near the Shannon Estuary are favoured to become the Aberdonians of Ireland.

Fenit is a landfall close to the drilling areas. In a wild and woolly landscape the living around the village is so hard that even full-time farmers claim the dole just to break even. But Michael Wymes, managing director of Irish Group Bula Oil, tells me his company, with an 8.3 per cent stake in the BP venture, is optimistic about development prospects.

If there is a commercial discovery, he says, companies will make a dash for the nearest landfall. This means the fishermen and farmers of the area will find themselves surrounded by new industry, port facilities, helicopter supply bases and rough-neck traffic of riggers, and undreamed-of prosperity.

Beginner's luck?

While no one, to my knowledge, keeps official statistics on corporate track and field events, it is worth recording what was surely a breakthrough in Hackney yesterday, when Lord Limerick, with pace, grace and unhurried charm, steered the annual assembly of timber group Mallinson-Denny through the four-minute meeting barrier. Taking the chair for the first time since Sir Fred Catherwood stepped down, he set the meeting smoothly in train. Notice of meeting was taken as read, report and accounts accepted unquestioned, retiring directors returned, auditors reappointed, smiles all round, and a call to take sherry with the board. Three and a-half minutes, dead.

SANJAY'S SUDDEN DEATH AND MRS. GANDHI

BY DAVID HOUSEGO IN LONDON AND K. K. SHARMA IN NEW DELHI

Stunning blow to Indian government

SANJAY GANDHI, who was killed yesterday in an air crash, was as nearly indispensable to his monther as any person can ever be.

She is a lonely figure: overawed in youth by the towering politicians surrounding her father, Mr. Jawaharlal Nehru, and suspicious ever since of potential challengers to her power. Sanjay was the one person in whom she felt she could unreservedly place her trust.

His influence was dangerously strong. His death at the age of 33 is a blow likely to leave his mother personally stunned and to paralyse decision making in a Government that looks to her for guidance.

Beyond this personal aspect is the fact that in the six months since Mrs. Gandhi returned to power, Sanjay had effectively *taken on the role of a "Prime* Minister for home affairs" though holding no official post in Government. He had drawn into his hands the control of economic and industrial policy —evident last week in the first *full budget of Mrs. Gandhi's* administration with its new encouragement for the private sector.

He was in the process of purging the senior ranks of the Civil Service on a scale that *risked replacing respected* administrators by inexperienced and untested loyalists to his cause. Last month's state elections confirmed his dominance in the Congress Party. Some 60 per cent of the new state legis*lators elected on the Congress* ticket were his choice as candidates. It is probable that at least half of the Federal Cabinet are Sanjay appointments as indeed are four of the new Chief Ministers in the *states where Congress won.*

The Government was thus becoming centralised around the personalities of Mrs. Gandhi and her son, on the assumption that Mrs. Gandhi would be the first to go. Indeed there had been talk that she might step down in two to three years. There is no lieutenant who can conceivably step into Sanjay's shoes.

It should be said that his nuermous political enemies will be glad to see Sanjay out of the way. He associated with and brought into positions of influence people *undesirable in* any administration: men who were widely regarded as corrupt and unscrupulously self-seeking.

He had scant respect for the institutions and values cherished by his grandfather Jawaharlal Nehru and the older generation of officials and bureaucrats: parliamentary democracy, the independence of the Civil Service and the freedom of the Press. At his best he was an iconoclast determined to get things done, by unconventional methods if necessary. He was impatient of the rigidities of caste, community and bureaucracy that haunt India. It was this belief in the value of action that appealed to Mrs. Gandhi who has also had increasing doubts about whether existing institutions could bring significant change to India.

Sanjay's vehicle for forcing the pace was the Youth Congress movement built up during the Emergency and which, after many twists and turns, has now effectively taken over the party. But it is an organi*sation whose very success* has drawn to it the driftwood of politics, and opportunists *who will rapidly peel off if it* falters now.

An immediate consequence of Sanjay's death is that it will once again bring into the open the political tussles that were buried by what had seemed the electorate's endorsement of the long-term ascendancy of the Nehru family over Indian life. Without Sanjay to ensure the succession, the republic is potentially back to the squabbles of the late 1960s or of *the post-Emergency period*, when competing power groups sought to assert themselves.

The Sanjay faction is too inexperienced and fragile to avoid challenge by the old guard of Congress poltjcians and bureaucrats whom it had displaced amidst bitter recriminations. Mrs. Gandhi herself could be vulnerable if shock gives way to inertia, although her resilience and determination to fight should never be underestimated.

Inside the Congress Party it had been anticipated that the monolithic structure created by Mrs. Gandhi's election victory in January would gradually erode. But the process is likely to be accelerated as the former barons of the party—Devraj Urs, the deposed Chief Minister of Karnataka for instance, or H. N. Bahaguna, earlier deposed Chief Minister of Uttar Pradesh —seek to regain their influence. Changes could easily extend into the now lifeless Janata party which includes former Congress followers who fell foul of Mrs. Gandhi.

In the harsh political world of New Delhi her personal loss will no more save her from *attack from party, foes than it* will from the Marxists in West Bengall or the trade unions. She has plenty of battles ahead and her opponents will pounce on any sign of weakness to expose her if she fails to provide the strong government for which she was elected.

It it common place to say that *death could not have come at a* worse moment. But in real sense this is true. In the six months after returning to office, *Mrs. Gandhi — preoccupied by* Afghanistan and the insurrection in the North East of India —put off key decisions until the state elections were out of the way. The dilemmas posed by the Russian invasion and the challenge from Assam and Tripura to Mrs. Gandhi's vision of a centrally governed India will continue to press on her. But decisions on the economy were only beginning to be faced and it was Sanjay who was pointing the direction.

The real decline in GNP of 3 per cent for fiscal 1979/80 and the sharper fall in industrial output mark the most serious setback to the economy since the middle 1960's. The cause was more than a bad monsoon *coupled with the ill luck of* having a weak government in Delhi unable to prevent disruption to industry.

The last five years have shown that India's infrastructure—notably its coal, power and *rail sectors* — is unable to cope with the strains of higher levels of productivity. But tural growth. This is partly a problem of management. The coal and power industries are notoriously inefficient and have been *working at ever lower* levels of productivity. But also a major capital investment pro*gramme is also required to* provide additional capacity and upgrade equipment in all three sectors.

This comes at a time when the Indian Government finds itself strapped for resources. *Taxation is already high* meaning that there is little scope for more taxation. At the same time rising oil bills and imports of capital equipment, coupled with a much slower growth of exports, are likely to drain the foreign exchange reserves from the buoyant heights of recent years to a perilously low level by 1982-83.

In raising oil and fertiliser prices just before the budget —thus making way for a shift of resources from subsidies to investment—Sanjay showed that he had the courage to take unpopular decisions. The budget was also a pointer in the right direction in the incentives it gave the private sector.

It suggested a willingness to break with some of the old shibboleths of economic management in India—restricting the size of firms, for instance, lest the larger houses dominate key sectors of the economy *even if the cost is* lost exports—or inhibiting the import of foreign technology lest it undermine self-sufficiency in industry. Not too much should be made of this.

But encouraging the private sector, cutting back on red tape and opening up the economy is new territory for Mrs. Gandhi. *Her instincts before Sanjay* exerted his influence were to adopt Left-wing populist measures such as bank and coal nationalisation. Many will soon be pressing her to return to this path.

At other key moments in her earlier Premiership such as the economic crisis of 1973-74, Mrs. Gandhi tended to grow more remote and inaccessible. Her major failing as an admini*strator has been to postpone* decisions until they crowd in on her and she is forced to act. There must be a danger of a repitition of this in the present circumstances. Sanjay—for good or ill—will not be there to jog her elbow.

It is still remarkable that Sanjay was able to achieve the power he did in so short a time. Much of the advice that he gave his mother during the Emergency was wrong-headed. The slum clearance and sterilisation programmes were simplistic ideas, the brainchild of a not very *erudite man who was nervous* at having his projects debated and contested before he put them into action.

This belief in the efficacy of short cuts was already emerging again in ill-thought out schemes *for generating employment* or in hopes that the private sector could perform miracles where the public sector had failed. In some instances it could—but often only by lavish bribes to ensure it got the power and coal *it wanted in a way not open to* public enterprises. It remained to be seen whether Sanjay would have overstretched himself.

But on political matters Sanjay's judgment proved correct. He urged his mother to contest the Allahabad court decision in 1975 which would have removed *her from Parliament; he was* right in the event to argue against holding the 1977 election that threw her out of power; he was right again to press her to hold fast against the court proceedings after the Emergency believing that she would emerge as a martyr and be reclaimed by India as "Mataji" (Mother India). At the nub of it all was his sense that India was prepared to put its trust in the Nehru family.

The tragedy was that neither mother nor son were willing to return that trust and to devolve responsibility in a way that the government of India requires. *The over-centralisation of* power — and the fear that that power was passing into the hands of some of the undesirables associated with Sanjay's movements—were behind many of the apprehensions about his rule.

At the end of the day, however, for Sanjay to have risen from a failed school and business career, through numerous financial scandals and the misuse of power to such dominance in Indian public life is still the mark of an extraordinary character. *Mrs.* Gandhi stood by him though many urged her to distance herself from him *because of his unsavoury reputation.* With his death fades the prospect of the continuing ascendancy of the Nehru family over Indian life. Indian politics seems more likely to revert to the pluralism that Mrs. Gandhi dislikes but for which the protaganists of democrcy in India have fought.

Without Sanjay India is potentially back to the sqabbles of the late 1960s or the post-Emergency period.

Letters to the Editor

Strategy for energy

From Mr. J. Redwood

Sir,—Your coverage concerning the Department of Energy strategy over the last year has been somewhat grudging. Your most recent editorial (June 20) *damned* with faint praise the gas pipeline scheme which nonethe less represents one of the most important new initiatives in the development of UK energy policy in a five-year period. Its significance to improve the recovery of hydrocarbon from the North Sea is undisputed and its importance in developing joint private—public sector major investment projects is also of note.

In addition it is worth remembering that in its first year of stewardship the energy team of the Government has avoided becoming involved in detailed regulation of supply especially in the first months of office *when there* were considerable pressures to intervene with fears of oil shortages. It has succeeded in unleashing the most active period of exploration in the UK sector of the North Sea for some five years and has *achieved this feat despite* making two major increases in the petroleum revenue tax basic rate which has enhanced the Government's take from the North Sea.

The intervention to raise gas prices which has been most severely criticised was nonetheless imperative in view of the huge disparity between the price of gas and other fuels; the system was only working by a crude form of administrative rationing as naturally many people wished to be connected to a supply of half price fuel but there was not enough available to satisfy demand.

It is a tribute to the policy that we have not experienced any energy shortage through extremely difficult conditions in oil markets, that there is great enthusiasm for the seventh round of licences and that oil and gas is being discovered almost everywhere on and off shore UK. The welcome relaxation of controls, the modification of BNOC's role and the rapid progress towards private capital in gas gathering is further evidence of the achievement.

John Redwood.
76, Rennie Court,
King's Reach, SE1.

Cigarette hazard

From the Managing Director
Metra Consulting Group

Sir,—In his article on May 29, Ronnie Kirkwood correctly quoted our study which established that over a 20-year period, no direct correlation could be found between the total volume of cigarette advertising and total cigarette consumption. I therefore found it odd that in his letter of June 14 the director of Action on Smoking and Health should describe this conclusion as "utterly discredited," while accepting that "no-one is suggesting that an advertising ban alone will make a serious reduction in consumption." Far from being discredited, the report had obviously convinced him on the *key question to which we* addressed ourselves.

Michael J. Frost
Metra Consulting Group
St. Mary's House,
42 Vicarage Crescent, SW1

Building roads

From the Director,
British Road Federation

Sir,—It beggars belief that the Government should be contemplating a moratorium on local authority construction. *The effects of the last admini*stration's 1976-77 moratorium were much more severe and much longer lasting than originally predicted. While it is undoubtedly true that such draconian action could reduce *the public* sector's borrowing requirement the long term side-effects are so undesirable and obvious that only a Government in a state of panic could believe the end justifies the means.

In case anyone needs reminding, it is salutary to look at *what happened to budgeting* and planning in the roads programme following the 1976 moratorium on new road starts. In 1976-77, as might be expected, there was a shortfall of 9 per cent between budgeted *English trunk road construction* spending and the actual outturn. The next year the shortfall widened to 19 per cent and by 1978-79 had reached 23 per cent. All sensible budgeting had flown out the window; planning was in such *disarray* that the administration had not the slightest idea of the cash demands of their programmes.

At the time British Road Federation warned of the danger of worsening shortfall. It was not too difficult to predict: a major road contract, costing say £20m may only require £5m *in its first year, but* £10m in its second year when the engineering requirements are at their peak. The result of a moratorium in year one is to postpone spending of £5m but to disrupt a planning budget four times as big, and to cause a shortfall in the second year of £10m. At that *stage the economy will probably* need stimulation, not yet further depression—but that is what it would get.

Only now is the Department of Transport acknowledging that it badly miscalculated the effects of the 1976 moratorium. Thus the Permanent Secretary, in evidence to the Transport Select Committee on April 23 said "when you do that [impose a moratorium] with a capital programme it produces *difficulties which last a long* time afterwards." No doubt the construction industry, the disruption of whose investment plans are usually the last to be considered, as well as manufacturing industry, road users and residents looking forward to road improvements, will hope that this time officials are a little more timely in proffering their advice and kill this desperate proposal before it gets any further. A moratorium cannot form a part of any credible or coherent economic policy.

It is, in any event, totally irrelevant to overspending on the part of local government which has cut its road investment by 40 per cent over the last six years. This it has done at the behest of central Government without—so far as can be seen—any beneficial effect on *the economy* and to the positive disadvantage of efficient movement and the environment. The economy needs more investment not less.

Robert Phillipson.
British Road Federation,
388-396, Oxford Street. W1.

Taxing capital as profit

From Mr. M. Greener.

Sir,—It may be true as Mr. Nelson claims (June 12) that accountancy *has "done a good* deal to preserve the integrity and standards of our business community" but it is equally arguable that hte same profession has been a significant contributor, albeit unknowingly, to our economic decline over the past two decades or more.

For as long as I recall, the *profession has been speculating* as to the best way of accounting for the fall in the purchasing power of money. The only point on which most members appeared to agree was that historical cost accounting was *inappropriate in times of rapid* inflation. After two decades of dithering the various professional bodies have only recently come up with the jointly supported SSAP16.

This new standard, apart from being of necessity an unhappy compromise, has arrived far too late to redress the damage done by allowing the State to tax non-existent profits thrown up by the traditional accounting methods. Furthermore the new standard will be of little real value unless the revised figures which it attempts to show are accepted by the State as appropriate for taxation purposes. If tax is still to be assessed on historical cost accounts then very little has been gained except the admission by the accountancy bodies that figures given in previous years as true and fair were anything but that.

The absurdity of the old system which the accounting profession has stood by for so long may now be admitted but the damage which that system has inflicted on the economy can never be measured in monetary terms. It can only be estimated as running into billions of pounds in terms of economic growth aborted. A clue to the basis of this estimate can be found in a cursory examination of the annual accounts of two major UK *companies taken* at random.

Both for the year to December 1978.

If one forgets for the moment the elaborate adjustments involved in the new standard and resorts to older and simpler methods of calculating probable errors then the following points can be accepted as valid. No profit figure can be admitted until the capital employed in earning that profit has been maintained intact. In ensuring that this is done, it is not unreasonable to take the opening equity capital and, multiplying it by the proper index, arrive at the closing capital equivalent. Any additional share capital raised during the year would be automatically excluded. In so far as the value of capital can only reasonably be stated in terms of alternative uses, the proper index to apply would be the General Index of Retail Prices.

The two companies taken for this experiment are ICI and GKN. Applying the principles outlined in the preceding paragraph it will be observed that if the necessary capital adjustment is charged against the declared profits before tax then the resultant taxable profits will be, in both instances, less than the taxation *actually levied* on profits. The amount of the shortfall is, in both cases, material. The conclusion must be that capital is being taxed as if it were profit.

If this has been happening to a greater or lesser extent to all business enterprises over the past two decades then it is small wonder that, in recent times, output levels have been seen to be either stagnant or falling throughout the country. It is also not surprising that liquidity problems within industry are approaching crisis levels.

The story is a long and unhappy one. Surely it is reasonable to suggest that if the accountancy *profession*, despite Mr. Nelson's protestations, did not write it in its entiretay it was the failure of that profession to tell that which was true which permitted it to be written.

Michael Greener,
9, Romilly Park,
Barry, Glam.

Muddling on

From the Managing Director,
William Kenyon and Sons

Sir,—I think you underestimate the adaptability of competent managers (Management misinformed, June 19). Current cost accounting is no more helpful than conventional *accounting* when it comes to running a manufacturing business. Either set of figures is in some respects arbitrary.

A more practical approach is called for. The concept of added value is a sound one which all who work for a company can understand and accept. The index AV/EC is a way of measuring the fundamental productivity of a *business and it* takes full account of inflation. The following figures, taken from the actual performance of one of our companies, illustrate the point.

Year to March 31	Retail Price Index April	Sales	Added value	Employment costs	AV/EC
1977	100	100	100	100	100
1978	108	134	119	124	96
1979	119	135	126	124	102
1980	145	140	131	129	102

Businessmen live in the real world: inflation stares us in the face. It is wrong to imply that we are ignorant, unrealistic or, worst of all, helpless. As to rule of thumb ratios, it is surely the investment analysts who are muddling on.

C. G. Kenyon.
William Kenyon and Sons,
Chapel Field Works,
Dukinfield, Cheshire.

Top saleries review—alarm and incredulity

From the Chairman
Association of Members of
State Industry Boards

Sir,—Your Parliamentary *reports of June 18* on the unpublished recommendations of the top salaries review body *give rise to* alarm and incredulity on the part of executive members of state industry *boards that highly discrimina*tory action may once again be contemplated. The disastrous refusal of the last Government to implement, *(even partially in* that case) the review body's 1974 recommendations was *remedied finally only* on April 1. This association (which represents the views of board members below the level of chairmen) has drawn emphatic atention to the following points:

The absence of any pay increase to executive board members between 1972 and 1977 had no moderating influence whatsoever on other pay *claims.* The pay of employees in general increased in this period by 135 per cent (with price increases to match). The pay of board members, in real terms, was effectively halved.

This appalling situation was ultimately rectified in three annual stages, concluding on April 1. The re-imposition of discriminatory treatment of this nature immediately after *its overdue* removal would appear to be quite incredible and would immediately destroy the carefully restored belief of board members in the Government's good faith.

Board themselves find imperative to pay the "market rate" to recruit and retain senior officers immediately below board level. They continue therefore to be bedevilled by "inverse" or "compressed" differentials, i.e., "Jack" being paid more than *his "Master."* This situation is destructive of motivation, quite apart from its adverse impact on recruitment and organisation.

The pay of executive mem*bers of* nationalised boards is at present based neither on "comparability" nor "market value" and when all is taken into account is very substantially below that of comparable directors in private industry.

It therefore falls between two stools and members are concerned only that if a choice is *to be made between* "comparability" and "market value," then it should be made without delay and the results applied firmly and equitably.

The indexation of pay on the basis of the "retail price index" is neither defended nor supported. Government action of a non-discriminatory nature to restrain cost inflation of this kind would be fully accepted.

Invidious action against senior public servants however at the end of a pay cycle has already been shown to be useless as an example and would be fraught with all the evil consequences from which we have so recently escaped. The "industrial management" case for *accepting* what are believed to be the Boyle recommendations would appeal to be unassailable.

D. G. Dodds,
c/o Merseyside and North
Wales Electricity Board.
Bridle Road, Bootle,
Merseyside.

Today's Events

GENERAL

U.K.: Unemployment and unfilled vacancies (June provisional figures).

Confederation of Shipbuilding and Engineering Unions conference opens, Winter Gardens, Llandudno (until June 27).

Independent Schools annual survey.

Mr. Denis Healey, Shadow *Chancellor of the Exchequer*, at Glasgow Central by-election meeting.

Mr. Walter Goldsmith, director general, Institute of Directors, addresses Conservative Industry Committee, House *of Commons, 5 pm.*

Overseas: President Carter in Belgrade for talks with Yugoslavian leaders—he also visits burial site of President Tito.

EEC Transport Council meets, Luxembourg.

PARLIAMENTARY BUSINESS

House of Commons: Broadcasting Bill, remaining stages.

House of Lords: Tenants' Rights (Scotland) Bill, second reading. Short debate on conditions and time which persons are kept on remand in prisons.

OFFICIAL STATISTICS

Bricks and cement production *(May)*.

COMPANY MEETINGS

British Northrop, Daisyfield, Blackburn, 12. English National Investment, 11, Austin Friars, E.C., 12. European Ferries, Connaught Rooms, Great Queen Street, W.C., 11.30. Lake View Investment Trust, Winchester House, London Wall, E.C., 12.45. Pitney Bowes, The Pinnacles, *Harlow, Essex, 12.15.* Sears Engineering, 40, Duke Street, W., 12. Silentnight, Midland Hotel, Manchester, 12. UDS. Portland Hotel, W., 12.

Courtaulds looks to long-term pick-up

THE NEXT two years will not be easy by any standards, Mr. C. A. Hogg, chairman of Courtaulds, tells shareholders in his annual review.

Although it would be rash to predict an improvement in results in the short-term, he states, the group is "confident of the underlying earning power of the group's business and of its upward trend."

Looking beyond the next year or two, the directors see much better prospects.

Mr. Hogg says the group is determined to achieve better returns on its textile business and, since so much of the capital employed is tied up in the three textile product concerns, a better financial performance as a whole. "In the rest of the business we shall continue to expand."

As reported on May 30, against an increasingly poor trading background, the group improved second-half profits from £36.6m to £37.9m and finished the March 31, year with taxable profits of £68.1m (£64m). Sales totalled £1.82bn (£1.66bn)—exports were £492.9m (£424.6m) — and the dividend is 8.562p (8.362p) net per share.

A divisional analysis of sales and trading profits, £88m (£83m), shows (£m omitted): fibres and yarns 857 (809) and 32 (26); fabrics 483 (458) and 14 (13); consumer products 344 (317) and 13 (15); International Paint 240 (218) and 19 (17); British Cellophane 166 (143) and 14 (9); National Plastics 40 (32) and 4 (3); less miscellaneous 311 (315), including the elimination of inter-group sales, and 8 loss (nil).

Following current cost accounting principles, pre-tax profits are reduced to £1m (£14m). Additional charge for depreciation would be £49m (£47m) and £48m (£23m) for the replacement of stocks. Adjustments on monetary working capital and on other monetary liabilities less assets (gearing) would give rise to credits of £8m (£3m) and £22m (£17m) respectively.

Outstanding commitments, as at March 31, in respect of uncompleted contracts for capital expenditure amounted to £31.2m (£15m) for the group and £88.5m (£32.1m) was authorised, but was not the subject of a contract.

Shareholders' funds totalled £452.2m against £449.4m, loan capital was £300m (£285.8m), and bank overdrafts came to £71.6m (£69.4m).

Meeting, Europa Hotel, Grosvenor Square, W, on July 17 at noon.

Muirhead omits interim after poor first half

ANNOUNCING the expected poor first-half result, Muirhead, maker of electro-mechanical devices and communications equipment, is also omitting its interim dividend. Pre-tax profits for the period endind March 31, 1980, slumped from £931,000 to £29,000 while substantial non-recurring costs will hit the second six months figures.

Sir Raymond Brown, the chairman, says profits for the year will be less than last year's £0.91m (£2.14m), and consideration of a dividend has been deferred until the outcome is known. Last year, *an interim of 2.2p net was followed by a final of 1.8p.*

The closure of the group's Morden factory and the move of its operation to Beckenham is almost complete, but substantial non-recurring costs have been incurred through redundancy costs and removal expenses.

In his annual statement in February, Sir Raymond said the half-year's result would be poor and the overall year was expected to be difficult. However, he anticipated profit improvements in 1980-81.

He now predicts that the opening order book for 1980-81 will be higher than for the current year, but a greater than normal proportion of orders is for long-term delivery.

The recession is making orders harder to obtain and the high level of UK inflation and interest rates continues to put severe pressure on profit margins. He says the 1980-81 results will be heavily dependent on these factors despite the economies achieved, and those which will be sought.

Half-yearly sales improved from £11.04m to £11.86m. UK trading profits were down £0.39m to £0.75m and losses of £129,000 were incurred overseas, against £23,000 profits last time.

Interest charge increased from £197,000 to £561,000, but debenture interest was little changed at £29,000 (£30,000). There was a £5,000 share of an associate's loss last time.

No tax is payable, compared with a £285,000 charge, and minorities again took £7,000.

HIGHLIGHTS

Lex looks at the intriguing battle for control of **Hong Kong and Kowloon Wharf and Godown** which has suddenly broken out between Sir Y. K. Pao, a representative of the emerging Chinese business power in the Colony, and **Jardine Matheson**, representing the major British trading houses in Hong Kong. The column also analyses the report and accounts published by **Courtaulds**, the ailing textile giant, and examines the profits collapse from electronics data communications systems manufacturer, **Muirhead**. Elsewhere, **Dobson Park Industries** has emerged as the bidder for **Wolf Electric Tools** with an agreed equity offer worth just over £14m. **Imperial Group** has unloaded its remaining stake in **BAT Industries** and **United Biscuits'** U.S. subsidiary, **Keebler**, is to spend £15.4m to buy the pie-crust product range from **Ward Foods Inc.**

Interest jump and machine tool setback leave Whitecroft lower

A SHARP increase in interest charges and a £1m turnround into losses at the Thomas Ryder and Son machine tool subsidiary led to a reduction in pre-tax profits of Whitecroft from £5.03m to £4.57m for the year ended March 31, 1980. First-half taxable surplus of this textiles, engineering, building and engineering supplies group was little changed at £2.44m, compared with £2.46m.

Losses of £536,000 were incurred by Thomas Ryder, compared with profits of £499,000 last time, but a major re-organisation is being carried out to reduce the scale of its activity and 200 employees have been made redundant. The objective is to return to profit in the current year.

Group sales climbed from £75.57m to £101.48m. Interest payable reached £2.27m (£1.09m).

Engineering profits fell from £1.64m to £1.09m, on increased turnover of £19.97m (£15.78m), while textile products contribution slipped 4 per cent to £2.33m on turnover of £29.6m (£26.14m).

But reflecting a full year's consolidation of Randalls Group results, profits of building and engineering supplies rose from £1.32m to £2.21m, on turnover of £50.95m (£28.85m).

Tax charge increased from £1m to £1.9m, while minorities took £30,000 (£87,000). Extraordinary debits, reflecting losses on re-organisation and closure of subsidiaries, were up from £876,000 to £934,000. Attributable earnings dropped from £3.06m to £1.7m.

Earnings per 25p share are shown lower at 12.68p (20.07p), but the dividend total is kept at 7.7p net with an unchanged final of 5.2p. Payments absorb £1.64m (£1.61m) leaving a retained surplus of £61,000, compared with £1.45m.

Net tangible assets per share were ahead from 116.13p to 126.61p at the year-end.

● comment

With the exception of the Thomas Ryder machine tool division, *Whitecroft* has done remarkably well. The textile division has managed almost to match last year's profit in spite of depressed markets for interlinings, finishing sheeting and tough U.S. competition in cotton pulp. The builders merchants and DIY shops have all made gains and the Randall acquisition, which was in loss at the beginning of 1979, has contributed about £½m. The company has taken a battering at Ryder, writing off about £½m below the line and abandoning the automobile-dependent market. Henceforth, it will concentrate on multi-spindle automated lathes where it does well and on industrial lighting. Moorlite made a bigger profit than the engineering division as a whole. Borrowings have grown a little but Whitecroft will look very carefully before spending any money this year. For all the effort, the outlook is nonetheless bleak and the shares unmoved yesterday at 76p trade like most heavy manufacturing industry shares these days, at only 5.6 times stated earnings and on a nervous 15.5 per cent yield.

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Borrowings well down at Grattan Warehouses

Borrowings of Grattan Warehouses yesterday were less than they were a year ago, and the group had no overdraft with £4m on deposit, Mr. J. Michael Pickard, chairman, told shareholders at the annual meeting.

"It is not always realised the degree of cash improvements that take plce in a mail order company and that each year-end position tends to be a high point in the company's borrowings," he explained. At January 31, 1980, the group had overdrafts totalling £18.08m and nothing on deposit.

Current projections would indicate that existing facilities with the company's bankers were adequate to sustain requirements for the next two years, he added.

In April, reporting a dive in taxable profits from £11.28m to £4.45m for 1979-80, Mr. Pickard said borrowings increased significantly during the year, reflecting the debtor and stock levels necessary to support higher sales. However, they were still within the company's facilities.

The cost of borrowing throughout the second half was substatnially higher than expected, he added, and the company had modified its planned level of activity for 1980 so that borrowings remained within the existing agreed facilities.

Yesterday, Mr. Pickard reported that sales for the early part of the current year were encouraging but orders during the last 12 weeks had reduced.

"We have deliberately set out to improve profitability in the knowledge that there would be some adverse impact on sales. Part of our strategy was to adjust our pricing policy for the current catalogue which, as we expected, has resulted in our sales being marginally below target, although they are still high for the comparative period for last year."

Mr. Pickard also said that, at yesterday's date, the group's workforce had been reduced by 600 to just under 4,500 through natural wastage and the release of temporary staff, against 5,150 as at the time of the annual statement.

£0.6m rights by Astbury & Madeley

Astbury and Madeley (Holdings) is raising £614,000 by way of a rights issue of 629,960 20p shares at 103p a share on the basis of one new share for every eight held.

The proceeds are to be used to buy new premises to accommodate the company's growth and to provide additional working capital. The company said pre-tax profits in the first half of 1980 would be not less than £700,000 compared with £525,000.

Harrison Cowley plans entry with 163 listing

THE DIRECTORS and certain employees of Harrison Cowley (Holdings), the Bristol-based advertising agency group, are planning to sell some of their shares, amounting to 30 per cent of the company's ordinary shares, in a placing next month.

Following a capital reorganisation and the placing, the company proposes that dealings in the shares should take place under Stock Exchange rule 163 (2).

The company made pre-tax profits of £726,000 in 1979 on turnover of £16.4m, compared *with profits of £374,000 on turn*over of £12.2m in the previous year. Crossfriars Trust has a 30 per cent interest in Harrison Cowley.

Full details of the planned placing wil be published in a circular in early July.

E. Austin exceeds £500,000

SECOND HALF pre-tax profits of E. Austin and Sons (London), materials handling and warehousing, cleaning materials and oil group, improved from £257,000 to £283,000, leaving the surplus for the year to March 31, 1980, ahead at £511,000, against £442,000.

Turnover increased from £5.28m to £6.31m, in the full period.

After tax up from £43,000 to £75,000, stated earnings per 25p share are 41.2p (37.64p), and the final dividend is raised from 2.9555p to 3.55p for a net total of 5.25p (4.382p).

The company proposes a scrip issue of three-for-one.

Brengreen in £834,000 cash call as profits move strongly ahead

THE contract cleaning group, Brengreen (Holdings) is to raise about £834,000 by way of a rights issue of 5m new shares at 18p each on the basis of one-for-four shares held, and five for every £2 nominal of 10 per cent convertible unsecured redeemable loan stock.

The company also announces pre-tax profits of £431,000 (£265,000), on turnover of £14.2m (£11.7m) for the year ended March 29, 1980. Earnings per 10p share are 2.5p (1.1p) basic, or 1.8p (0.7p) fully diluted. A final dividend of 0.3p net makes a 0.5p (0.25p) total for the year.

The company's borrowing facilities are adequate for immediate requirements, Mr. D. J. Evans, chairman, says, but the rights issue is to ensure that sufficient funds are available to take full advantage of opportunities as they arise.

The directors and trustees of Mr. Evans' family have agreed to take up or procure the taking up of 20 per cent of the new shares. The balance has been underwritten by Morgan Grenfell.

Mr. Evans says that prospects look attractive and the Board intends to at least maintain the dividend on the enlarged share capital.

"Our business of industrial cleaning continues to flourish and I am confident that this is an area where we will continue to expand in the coming year."

He states that 1980/81 has started encouragingly in terms of new contract obtained, not only for the contract cleaning operations, but also for the painting, decorating and stonecleaning services which the group provides.

As at March 29, shareholders' funds totalled £1.63m (£1.23m), loans £352,000 (£363,000), and bank overdrafts (secured) were £1.21m (£572,000).

On a CCA basis pre-tax profits are reduced to £383,000.

Meeting, Great Eastern Hotel, EC, on July 17 at 11 am.

RBC Intl. subscribed to $9.5m

Subscriptions for 940,249 participating redeemable preferred shares in RBC International Income Fund valued at $9.5m were received by the close of the initial offer on June 20.

The subscription price for what the managers, Royal Bank of Canada, called the first of a series of offshore funds for international investors was $10.10 a share, which included a 1 per cent initial charge. The minimum subscription was $2,020.

The fund, incorporated in Guernsey and designed to appeal to international investors, is intended to achieve a high income. Initially at least 75 per cent of the proceeds are to be invested in UK government stock.

Senior Bowring man resigns

MR. MICHAEL JENNER, chief executive of C. T. Bowring and Co. (Insurance) and a director of the main insurance holdings company board, has designed.

He is the latest defection in a series of departures from C. T. Bowring following the group's takeover by Marsh and McLennan of the U.S., the world's largest insurance broker.

Mr. Jenner is understood to be setting up a new insurance operation backed with a participation by Hogg Robinson Group, another major UK insurance broker with large Lloyd's interests. A parge part of a U.S. insurance account, serviced by Bowring, is to pass over to Mr. Jenner and the new insurance venture. A small team of four or five people is understood to be leaving Bowring and joining Mr. Jenner in the new venture.

Mr. Jenner is the most senior man to leave the Bowring group so far. Last week it was reported that Mr. Fred Shearer, and four other employees of the Bowring group, had left to start up a new broking venture.

Great Northern

Pre-tax profits of Great Northern Investment Trust for the half-year to May 31, 1980, rose from £1.93m to £2.69m. The tax charge increased by £255,073 to £973,149.

Interim dividend is raised 0.5p to 2p net and the Board forecast a final of at least 4p (3.9p). A special non-recurring payment of 0.6p was paid in March.

Net assets value per 25p share was 142p (131p as at end-November, 1979).

Mixed outlook for London Prudential

The current year will not be good for dividend growth but hopefully it may be better for capital growth, Mr. M. B. Baring, chairman of London Prudential Investment Trust, says in his annual review.

As already known revenue available, for the year ended April 30, 1980, came out at £282,916 against £213,048, and the dividend is increased to 4.5p (3.45p) net per share.

Valuation of investments, at market value was £6.62m (£7.89m), of which £6.12m (£7.75m) was quoted—UK £4.92m (£6.46m). Shareholders' funds totalled £6.58m (£7.53m).

£1.65m orders for Moss Engineering

Moss Engineering is continuing to win important orders for its environmental engineering plant and equipment, the directors state.

Contracts worth over £1.65m have been secured recently. Most were from overseas customers, but there was one valuable UK order.

In his interim report the chairman, Mr. Ernest Cars, was optimistic about the full year.

34 companies wound-up

COMPULSORY WINDING-UP orders against 34 companies were made by Mr. Justice Vinelott in the High Court.

They were: Greenway Leisure Products, Kestral Warehousing (Sales), Nishco Portfolio Management, M. A. Hunter, Cannonquest.

A. J. Hale (Plant Hire), Arrowhead Roofing Company, Bell Capper Associates, Kenton Homes, M. and B. Nylon Company.

Roche Valley Developments, Crown Hill Sauna, Care Computers and Related Equipment, Vanbur Entertainments, R.M.I. (Tipton).

Fitzgibbon Construction, Geoffrey Winship, Tategable, Wellkarn Builders, Air-Europa Timetable, AAB (Vehicle Services), Beta Engineering Services (Liverpool), Pritchway.

Portoroy, Inhabit (Developments), G. H. Waldy (Fabrications), M.C.S. Yachts (Sales), R. Mullett Transport and Surfacing.

Dannic (Hotels), Cintra Transport, Nottingham Building Centre, Sater (Builders), Hamdon Electrical, Quartech.

A compulsory winding-up order made on June 16 against Sign Arts was rescinded and the petition dismissed by consent.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
E. Austin and Son	3.55	July 24	2.96	5.25	4.38
Baraoora Tea	5	July 28	2	5	2
Brown and Tawse	5	Aug. 14	4.5	6.4	5.8
James Cropper	2.5	Aug. 8	1.5	4	2.5
Eastern Prod. (Hldgs.)	3.22	—	3.08	4.63	4.42
Elliott Group	0.5	—	0.75	1	1
Gt. Nrthn. Inv. Tst. int.	2	—	1.5	—	6‡
Marshalls (Halifax)	7.0	Oct. 1	6.0	9.0	7.5
Muirhead int.	Nil	—	2.2	—	4
Polymark Intnl.	1.9	Oct. 31	1.52	3.7	3.04
Whitecroft	5.2	—	5.2	7.7	7.7

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes 0.6p special non-recurring dividend.

SPAIN

June 20	Price %	+ or −
Banco Bilbao	214	−2
Banco Central	244	−2
Banco Exterior	208	−2
Banco Hispano	312	−1
Banco Ind. Cat.	122	
Banco Madrid	141	
Banco Santander	276	−3
Banco Urquijo	147	−5
Banco Vizcaya	223	
Banco Zaragoza	200	
Dragados	78	−1
Espanola Zinc	60	
Fecsa	64.5	+0.3
Gal. Preciados	27	
Hidrola	69.7	+0.7
Iberduero	67.2	
Petroleos	107.5	−0.5
Petroliber	83	+4
Sogefisa	107	
Telefonica	59	−0.7
Union Elect	62.5	−0.5

UK COMPANY NEWS

Polymark reaches £1.6m but warns of a slowdown

WITH £1.09m against £699,000 coming in the second six months, taxable profits of 1979 of Polymark International, laundry machinery supplier and garment maker, expanded from £1.12m to a record £1.58m. Turnover was £3.84m higher at £19.27m.

In the current year, turnover and profits are so far showing a continuing upward trend, but worsening world economic conditions, high interest rates and strong sterling may temporarily slow down the group's growth rate of recent years, the directors state.

Year-end earnings per 10p share are shown as 15.78p, compared with 10.31p, and the dividend is stepped up to 3.7p (3.04p) with a final of 1.9p—a payment of 1.8p was forecast.

Profit, which included £122,000 share of Adolf Dreher, which became an associate in January 1979, was subject to tax of £688,000 against £540,000. Minorities took £36,000 (£24,000), and there was an exchange loss of £120,000 (£71,000 gain), leaving the balance at £734,000 compared with £629,000.

If deferred tax—now in accordance with SSAP 15—had been provided in full, the charge to UK tax, some £112,000 (£150,000) of total, would have been increased by £30,000 (£32,000).

Most of the improvement in turnover and profits stems from increased manufacturing capacity and greater sales penetration in the company's linen care and Transtat labelling divisions—the linen care activities were expanded in both Sussex, where manufacturing capacity rose 20 per cent, and in Germany through the Dreher acquisition.

Manufacturing capacity was almost doubled at the Transtat factory in Trim, Co. Meath, Eire, the directors state.

● comment

The decision by Polymark almost to double the capacity of its Irish Transtat plant looks fully vindicated by yesterday's figures. Sales in this division were up by 36 per cent and it remained the most profitable of the group's rather eclectic interests. A strong performance here, coupled with a slightly better than forecast dividend and an optimistic trading statement, pushed the shares up 6p to 80p yesterday. The linen division, spurred by a profitable contract for a hospital at Le Mans, also chipped in a much improved contribution while French cycle sales accelerated towards the year-end. Net of interest charges, the Dreher acquisition made around £50,000. The p/e on reported earnings is less than 5, despite some healthy trading prospects—Raleigh sales could benefit from this year's promising Tour de France team, and the other divisions are doing well. The market is clearly concerned by a 75 per cent debt:equity ratio, which is unlikely to be improved by heavy spending in the current year. The capital expenditure programme has made the group understandably cash conscious and the well covered dividend offers a yield of only 6.8 per cent.

Brown and Tawse expands to £4.2m

SECOND-HALF taxable profits of Brown and Tawse rose from £1.78m to £2.08m giving the steel and tube stockholding and engineering group a record £4.16m for the year ended March 31, 1980, compared with £3.81m. Full-year sales rose by 26.6 per cent to £62.95m.

The profits contribution during the second half was higher from stockholding, but lower from plant hire and sales, and from engineering activities. Interest also increased during the period resulting in a full-year charge up from £583,000 to £868,000.

A divisional breakdown of the year's sales and profits shows (with £000s omitted): stockholding and processing £55,219 (£42,601) and £3,579 (£3,134); plant hire, boiler repairs and ironmongery £7,728 (£7,115) and £579 (£676).

Tax charge rose significantly from £0.69m to £2.06m, reflecting the release last time of £1.15m of defered tax on stock relief. After preference dividends, profits attributable to ordinary holders were down over £1m to £2.09m.

Earnings per 25p share were 20.6p, compared with 30.7p which included 11.3p from deferred tax release. A net final dividend of 5p lifts the total payout from 5.8p to 6.4p per share, costing £655,000 (£596,000).

Sales for the first three months of the curent year show no definite pattern, the directors state. Steel users who anticipated their requirements during the strike, have been adjusting their stocks, and, with higher interest rates and the prospect of deepening recession, de-stocking on a wide scale has been evident.

They say it remains to be seen whether there will be some revival in demand when the de-stocking phase works itself out, but group resources are strong and broadly based and will stand it in good stead to face a testing year.

New product lines in stockholding and in plant sales are being introduced with a view to expanding sales.

After capital expenditure of £1.67m and a rise in working capital of £1.94m, the group's net liquid position increased from £0.64m to £1.15m. Shareholders' funds improved from £18.19m to £19.64m.

Net assets per ordinary share, at March 31 were 192.5p, against 178.8p.

Reviewing the stockholding and processing activities in the 1979-80 year, the directors say demand for steel remained steady until the final three months of the year when the steel and tube mills of British Steel Corporation were closed by the industrial action. This situation produced an initial surge in demand which was not matched by an increase in steel consumption.

Brown and Tawse Plant, after a good start, faced more difficult trading conditions in the final quarter. Hire fleet revenue was less buoyant in the winter, although sales of hydraulic plant and equipment continued at a satisfactory level.

Fraser and Fraser achieved a useful, although somewhat lower, profit from the servicing and repair of industrial boilers.

Profits fell at George Stephen and Son, which suffered increasingly from keen competition in the retail ironmongery trade.

● comment

The indications from Brown and Tawse are that, in hindsight, the steel strike was a much less dramatic affair for stockholders than the uncertainty of the time suggested. There were no killings made on premium pricing: customers stocked up with larger orders, yielding lower margins. Nor did the strike leave the cupboard bare: B and T came into it well-prepared, and the March 31 balance sheet—at the end of the dispute—shows stocks up 28 per cent. The company was helped by its product mix since BSC accounts for only a third of supplies. The winter stocking accounts for the increased interest charge but by March, the company had returned to a cash surplus. While pre-tax profits are ahead for the 12th successive year, net earnings slip with no relief from deferred tax in this year's budget compared with two years' relief in 1979. The company has not yet produced a CCA statement, which would probably show earnings down by around a fifth—still leaving the dividend two-and-a-half times covered. The p/e on stated earnings at a 50 per cent tax charge is 6.3 at 134p, down 4p on the chairman's uncertain view of trading prospects. The historic yield is 7 per cent.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—Ashdown Investment Trust, Cronite, Kenning Motor, Trident Television.

Finals—Charter Consolidated, Control Securities, Ferranti, Giltspur, Halma, Arthur Holden, L.C.P., Lovex, Moorgate Mercantile, R. Paterson, Somic, Tecalemit, Wheway Watson, Wilkinson Match.

FUTURE DATES

Interims—	
Braid Group	June 26
Glasgow Stockholders Trust	July 18
Lonsdale Universal	June 26
Tribune Investment Trust	July 10
Finals—	
Associated Communications	June 26
Avana	July 1
Birmingham Mint	July 8
Bristol Evening Post	July 8
Bulmer (H.P.)	July 9
Cattle's (Holdings)	June 25
Heywood Williams	July 7
London and Midland Industs.	July 8
Renwick	†June 25

† Corrected.

Hill Thomson near £500,000

In the six months to January 25, 1980, pre-tax profits of Hill Thomson and Company, a wholly-owned subsidiary of Glenlivet Distillers, rose from £138,000 to £495,000.

There was a tax credit of £396,000 against a charge of £30,000 last time, and stated earnings per 25p share are considerably higher at 19.45p compared with 2.36p.

Elliott Group falls behind and blames closure losses

A DROP from £408,000 to £179,000 in the second half, saw pre-tax profits of The Elliott Group of Peterborough fall from £813,000 to £651,000 in the year to March 31, 1980. The forecast at the interim stage was for improved profits for the rest of the year.

The Board says the principal reasons for the reduction in pre-tax profits have been the trading losses associated with the closure of the Medway manufacturing unit, the cost of concluding the schools programme in Saudi Arabia and the drop from £204,000 to £50,000 in the temporary employment subsidy.

Interest charges rose by £180,000 to £756,000. Although there was a small increase in operating profit overall margins were squeezed by progressively tougher trading conditions and higher interest rates.

On a CCA basis, the group would have made a loss of £365,000.

There was a tax credit of £68,000 against a charge of £282,000 last time. After extraordinary items of £164,000 (£130,000), the retained profit was £749,000 compared with £527,000.

A valuation of group properties as at March 31, 1980, revealed a surplus of over £3m.

Stated earnings per 10p share are down from 5.44p to 4.01p, and the final dividend is down from 0.75p to 0.5p for a total of 1p (same).

Group turnover for the year advanced from £16.58m to £20.43m.

● comment

The halfway hopes of a continuing profits improvement at Elliott failed to materialise, with the second six months contributing less than half the £409,000 seen in the corresponding period of 1978-79. The UK public sector is under pressure while the Saudi contracts have demanded costly additional maintenance during a prolonged handover period. With the £10m Saudi schools now concluded, the slimming-down of stocks and work in progress should give some relief to the 76 per cent geared balance sheet—though a new property revaluation brings the ratio down nearer 50 per cent. Next year's p and l will be spared the £70,000 trading loss associated with the closure of the Medway plant, whose production has now been transferred closer to its prime market, in Scotland. Any such sweeteners will be welcome in a year which has so far offered little encouragement to the building sector. The historic yield is 6 per cent at 23p, on an optimistic-looking fully-taxed multiple of 9.5.

Baraoora Tea runs into loss but paying 5p

Baraoora Tea Holdings reports a pre-tax loss of £38,851 for 1979. In the previous year, the company had pre-tax profits of £427,923. Turnover fell from £1.53m to £920,107.

In its interim statement, last December, the Board said that the year's crop was disappointing and severe drought conditions were experienced during the early part of the year. As a result, there was a shortfall compared with the previous year from the outset of the cropping season and further monthly production from May to October never exceeded that achieved in 1978.

Sale of the company's teas was appreciably slower, and at the end of November only 39 per cent of the crop had been sold compared with 63 per cent at the same date in 1978.

After tax down from £257,489 to £16,728, stated earnings per 5p share for the year are 8.1p (23.2p) net and 6.6p (26.8p) on a nil basis. Only one dividend of 5p will be paid for 1979 against 2p in the previous year.

James Cropper grows to £887,000—full order book

Pre-tax profits of James Cropper, manufacturer of a wide range of papers, rose during the year to the end of March 1980, from £575,952 to £887,410. Turnover increased by £2.72m to £13.71m.

At the half-year stage profits before tax were £412,570, compared with £288,689, and the directors said that trading conditions were satisfactory but cost increases would reduce margins in the first quarter of 1980.

Final dividend is 2.5p net, which makes a total of 4p (2.5p).

The Board says the paper industry is in a recession but so far the company has managed to preserve a full order book. However, they cannot expect not to be affected.

Profit, which includes a surplus on sale of houses of £1,350 (£42,601), was struck after interest of £260,593 (£190,028). Advanced corporation tax rose from £17,369 to £27,117. Reserves were boosted by £796,293 (£518,583).

UK COMPANY NEWS

Wigfall expects difficult year

THE current year of reorganisation at Henry Wigfall and Son, electrical goods, furniture and fashionwear retailer, is likely to be difficult, says Mr. Michael Abbott, chairman, and he tells shareholders it would, therefore, be unwise to make any profit forecast for 1980-81.

He explains that the year will be difficult both in respect of the time taken for financial benefits of rationalisation to materialise fully, and because of the probability of a continuing national recession—in the current year borrowings have fallen by £1.3m so far.

Concurrent with the reorganisation, active steps are being taken to acquire and market, "new and complementary products in our existing outlets to increase future profitability," he states.

As reported on June 6, pre-tax profits for the year ended March 29, 1980, fell from £1.85m to £1.08m, despite forecasts of an improvement, although interest rose to £2.64m (£1.86m). Turnover was up at £44.25m (£41.9m) and the dividend is unchanged at 13.5p net per share.

As a result of a financial review of operations, during the year, eight new shops were opened, three outlets were re-sited and 18 were closed. And with the installation of electronic cash registers throughout all outlets, it has resulted in a loss of 250 jobs.

As at March 29, shareholders' funds totalled £14.77m (£13.77m), and loans £8.19m (£7.57m). Bank balances and cash were £5,000 (£4,000), and secured bank overdrafts amounted to £6.65m (£4.84m).

Meeting, Royal Victoria Hotel, Sheffield, July 15, noon.

Zimbabwe dividend delay frustrates Electra Trust

REFERRING TO the company's 46.18 per cent stake in Electra Investments (Rhodesia), Mr. B. P. Jenks, the chairman of Electra Investment Trust says that the independence of Zimbabwe has still not led to any effective relaxation of exchange controls in that country for institutions and at present, it is still not possible to remit either revenue or capital from there to the UK.

He explains in his annual statement that the company was set up some 25 years ago to invest in Rhodesian equities and properties, but substantial growth over the years had generated a large investment income which, since it was not possible to remit dividends to the UK, was re-invested in Rhodesia.

The investment in Electra Investments (Rhodesia) is in the books at the original cost of £762,000. At March 30, 1980, net asset value attributable to the company's stake was Z$18.7m while attributable after-tax income was Z$849,000.

Mr. Jenks reports that the value of the company's stake in Clyde Petroleum, an oil and gas exploration and extraction company in the North Sea, increased threefold to £995,000 over the year. As a result, the directors believe the company should be involved in applications for concessions in respect of the seventh round in the North Sea. For this purpose, it has joined a consortium as a lead investor to form a new company, Saxon Oil.

For the year ended March 31, 1980 pre-tax earnings advanced from £4.84m to £5.72m. The dividend is being raised to 7p (5.8p) net and this level is expected to be maintained in 1980-81.

The chairman says he is hopeful that the company will be well placed to take advantage of any opportunities which arise.

Meeting, Electra House, WC, July 16, 2.15 pm.

LYLE SHIPPING/ SCOTTISH SHIP

Shareholders of Lyle Shipping Company have approved the acquisition of the 50 per cent of Scottish Ship Management not already owned and the acquisition is now unconditional.

Bridgend losses deepen

HEAVY PRE-TAX losses are reported by Bridgend Processes, the plastic and electronics group. The losses deepened from £93,716 to £379,388 for 1979 on turnover down from £257,277 to £190,485.

After tax charges of £2,122 (£21,702) and minorities £469 (£6,675), there was a net loss of £381,979 compared with £127,495 last time.

The loss per 5p share was 10.01p (0.34p).

Despite the results, the board considers the group's financial resources are adequate for current purposes.

Sketchley well placed for expansion

With adequate short and medium term borrowings available to it, the strong financial position at Sketchley continues and the cleaning, industrial workwear and textiles group is thus well able to finance its further expansion into new activities, while maintaining its position in the markets in which it is currently involved, says Mr. G. Wightman, the chairman.

Group borrowings at March 28, 1980 showed a jump from £0.43m to £5.91m. During the year purchases of workwear and capital expenditure totalled £14.69m, against £9.33m previously.

Pre-tax profits for the 1979-80 year rose from £4.94m to £5.74m. Earnings per share were 38.4p (28.8p) and the dividend total is being lifted from 3.29p to 5.2p as reported June 4.

On a CCA basis, pre-tax profits are reduced to £3.85m (£2.61m) after current cost adjustments of £2.1m (£2.45m) less gearing of £198,000 (£126,000).

Meeting, Hinckley, July 17, 3 pm.

GRAY DAWES

Gray, Dawes and Company Limited, a subsidiary of Inchcape Group, is changing its name to Gray Dawes Bank Limited.

MINING NEWS

Agreement reached on big new Malaysian tin project

BY GEORGE MILLING-STANLEY

THE SIGNING of an agreement in Kuala Lumpur on Saturday to develop the Kuala Langat tin dredging project in Malaysia's Selangor state brings to a close a period of more than five years of delays arising from political and personality clashes.

Both partners in the venture, the Selangor State Government with 65 per cent and Malaysia Mining Corporation with 35 per cent, hailed the signing as the start of a new era in Malaysia's tin industry, reports Wong Sulong from Kuala Lumpur. They expect the project to ensure the country's position as the world's leading tin producer.

Kuala Langat is expected to begin production in 1985 at an initial rate of some 2,300 tonnes of tin per year, rising to 6,250 tonnes per year by 1990. The project has an estimated life of 22 years, and will involve a capital investment of around $Ma 200m (£44m).

Revenue in the first year of production is projected at $Ma 40m, rising to $Ma 114m by 1990. These projections have been prepared by the partners on the basis of a metal price of $Ma 1,850 per picul (one-sixteenth of a tonne), which is conservative when compared with the current price of some $Ma 2,150 per picul.

The next stage of the project will be for the new joint venture company, Kuala Langat Mining, to start a final survey on the 5,000 acres over which it has a 25-year mining lease. This survey will be funded by MMC, and is expected to take one year and cost M$1m.

At the same time, the design of the dredges will be finalised. Three dredges, each costing M$50m and capable of digging to a depth of 250 feet, are to be built.

The land covered by the lease is currently under the control of the Brooklands Estate. Mr. Dato Hormat Rafei, Chief Minister of Selangor and chairman of the state's mining arm, held out the possibility of the joint venture getting more land for mining in the Kuala Langat district.

The Selangor Government has an agreement with Brooklands to buy land for mining as and when required, and this would be transferred to the joint venture at cost.

Initial prospecting in the 5,000 acres covered by the lease was carried out by Charter Consolidated, and Charter feels fairly sure that the tin mineralisation extends into a much wider area, totalling some 40,000 acres.

This would mean that the Kuala Langat deposit could potentially rival the famous Kinta Valley. Charter retains an interest in the project through its 28.6 per cent stake in MMC.

Of the estimated $Ma 200m capital investment required, Kuala Langat Mining's $Ma 30m paid-up capital will provide part, with the remaining $Ma 170m to be sought through loans from Malaysian banks. Although its stake in the joint venture is only 35 per cent, MMC will guarantee the first 50 per cent of any loans.

The two partners will receive tin in proportion to their respective stakes in the venture, and will market the metal through their own selling organisations.

GLOBE AND PHOENIX

The Zimbabwe gold producer Globe and Phoenix Gold Mining is hopeful that results for the current year will be better than for last year, following the improvement in conditions in Zimbabwe.

Mr. B. S. Cleminson, chairman, warned that much will depend on the price of gold, which helped the company to return to profit last year, and pointed out that working costs are likely to rise and taxation has already been increased.

He added that there is no indication yet as to when or if Globe will be allowed to remit a proportion of branch profits to the UK.

Denison to buy Koongarra

CANADA'S Denison Mines, one of the world's leading producers of uranium, has agreed to acquire the Australian Koongarra uranium deposits and other properties in the South Alligator River in the Northern Territory from Noranda's Australian unit. The purchase terms have not been disclosed.

The deal is subject to the approval of the Australian federal and State Governments. Denison said that the relative applications, including one to the Australian Foreign Investment Review Board have been submitted.

Koongarra was discovered in 1970 and was estimated to contain up to 30,000 tonnes of uranium oxide. One of the four major finds in the Northern Territory, it still awaits official permission to be taken to production as does the biggest of them all, the Jabiluka find of Pancontinental and Getty Oil.

* * *

The Haveluck open-pit mine in Western Australia's Meekatharra gold-producing area produced its first gold at the end of May, according to Whim Creek Consolidated, owner of the project.

OIL AND GAS NEWS

Oil-shale find lifts Greenvale

Shares of Australia's Greenvale Mining and Esperance Minerals moved ahead strongly on the London Stock Exchange yesterday as further speculative buying followed Friday's announcement that the companies have discovered oil-shale on the Nagoorin Prospects in north Queensland.

On Friday Greenvale jumped 48 to 112p and Esperance 30 to 160p. By the close of trading yesterday Greenvale had reached 122p and Esperance 170p.

The two companies say they encountered the oil-shale between 21 metres and 154.65 metres but added that no significance can be placed on the discovery until the results of core tests are known.

Central Pacific Minerals and Southern Pacific Petroleum, co-owners of the giant Rundle oil-shale deposits, are joint-venturers in the project.

Greenvale, Esperance, and East Coast Minerals are involved in another oil-shale prospect, the Alpha torbenite deposit, along with International Mining. The latter has a 60 per cent interest in the Alpha deposit area while Greenvale, Esperance and East Coast hold the remaining 60 per cent.

* * *

BP Australia is suspending operations at the Phoenix No. 1 well drilled on the North West Shelf off the coast of Western Australia for safety reasons.

BP drilled the well to 4,776 metres and encountered several sand bodies which appeared to be gas-bearing. Further sands are expected below the present depth.

BP said that pressure and safety conditions were responsible for the suspension but that it will re-enter the well when a more suitably equipped drilling rig becomes available.

BP has earned a 55 per cent working interest in Permit area WA-62-P by bearing the sole cost of drilling Phoenix No. 1.

Other participants are Oxoco International, 9 per cent, Peyto Exploration, 6.75 per cent, Voyager Petroleum, 6.75 per cent, and Endeavour Resources, AAR, Australian Oil and Gas, Bridge Oil and Offshore Oil, each with 4.5 per cent.

* * *

The first of four wells to evaluate the extent of the Dullingari North No. 1 oil discovery in the Cooper Basin of South Australia was spudded in on June 17.

The Dullingari North No. 1 well flowed oil at a rate of 450 barrels a day from the Jurassic Mooga formation.

The latest well, Dullingari Murta No. 1, is located 4 km south of Dullingari North No. 1 and is programmed to drill to a depth of 1,575 metres. Santos has a 50 per cent interest in the area, Delhi Petroleum 30 per cent and Vamgas and South Australian Oil and Gas Corporation 10 per cent apiece.

EUROPEAN OPTIONS EXCHANGE

Series			July Vol.	July Last	Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	Stock
ABN	C	F.300	—	—	10	9.50	—	—	F.295
ABN	C	F.310	4	1.80	—	—	—	—	
AKZ	C	F.22.50	55	1.60	10	3	3	3.60	F.23.50
AKZ	C	F.25	12	0.30	28	1.20	17	1.90	"
AKZ	C	F.27.50	—	—	145	0.50	—	—	"
AKZ	P	F.25	7	1.60	—	—	—	—	"
AKZ	P	F.27.50	—	—	1	4.20	—	—	"
ARB	C	F.55	—	—	5	3.10	—	—	F.55.70
CSF	C	F.460	3	8	—	—	—	—	[illegible]
HEI	C	F.60	10	0.70	14	2.30	10	3.40	F.56
HEI	P	F.60	8	5.30	2	6.10	—	—	"
IBM	C	$60	22	1 1/16	—	—	—	—	$58
KLM	C	F.60	20	2	6	5.20	—	—	F.60.20
KLM	C	F.70	55	0.20	1	2.10	—	—	"
KLM	C	F.80	40	0.10	—	—	—	—	"
KLM	P	F.60	35	2.10	—	—	10	5.50	"
KLM	P	F.70	55	10	—	—	—	—	"
KLM	P	F.80	45	20	—	—	—	—	"
NAT	C	F.109.10	2	5.20	—	—	—	—	F.114.10
NN	C	F.110	—	—	1	7	—	—	"
NN	C	F.120	—	—	1	1.80	—	—	"
PET	C	Fr.5500	—	—	—	—	3	430	Fr.5580
PHI	C	F.17.50	—	—	25	1.30	20	1.80	F.17.70
PHI	C	F.20	—	—	60	0.40	50	0.80	"
PHI	C	F.22.50	—	—	100	0.20	—	—	"
PHI	P	F.17.50	32	0.30	17	0.70	—	—	"
RD	C	F.150	—	—	30	18.20	—	—	F.167.20
RD	C	F.160	12	7.50	—	—	5	11.50	"
RD	C	F.170	138	1.80	55	4.20	—	—	"
RD	P	F.150	—	—	10	2.20	10	3.20	"
RD	P	F.160	235	1	102	5.50	—	—	"
RD	P	F.170	1	5	—	—	—	—	"
UNI	C	F.110	5	7.80	—	—	—	—	F.115.80
UNI	C	F.115	29	3.30	33	5.20	—	—	"
UNI	C	F.120	5	0.60	15	2.50	—	—	"
UNI	P	F.105	—	—	100	0.50	—	—	"
UNI	P	F.110	90	0.40	21	1.50	—	—	"
UNI	P	F.115	26	0.80	—	—	—	—	"
UNI	P	F.120	—	—	20	4.50	—	—	"
			Aug.		Nov.		Feb.		
SLB	C	$120	5	2 1/8	—	—	—	—	$113 1/8
TOTAL VOLUME IN CONTRACTS							1891		

C=Call P=Put

Marshalls Halifax profit and payout increased by 20%

A SHARP fall in engineering division profits at Marshalls (Halifax) was more than offset by a strong performance on the concrete side in the year to March 31, 1980, enabling the group to push up the taxable surplus by 20 per cent from £2.67m to £3.2m, on turnover 25 per cent ahead at £33.82m.

Midterm profits increased to £1.62m (£1.31m), and the directors said they were sure full-time results would compare favourably with the previous year.

The net total dividend is raised by 20 per cent to 9p (7.5p), with a final of 7p. A one-for-one scrip is also proposed.

Trading profits of the engineering division dived from £1m to £0.33m, on sales of £10.01m (£9.92m). However, concrete division profits surged to £3.72m (£2.03m), from turnover £6.62m higher at £23.73m. This left group trading surplus up from £3.03m to £4.05m, before substantially heavier interest charges of £0.85m (£0.37m).

Mr. David Marshall, chairman, says the downturn on the engineering side was largely attributable to losses in South Africa and a poor result at Reliance Mercury. However, management changes at Reliance produced a reasonable recovery in the second half.

Domestic demand was depressed and competition was keen in exports, although total exports of £4.6m were a record, he says. With a few exceptions, it is very difficult for the group's engineering companies at present, but performance in the current year is somewhat improved compared with last year, he adds.

In the concrete division, increased sales volume was accompanied by improved margins, while demand was buoyant throughout the year. This side is now reaping the rewards of several years of investment in plant, machinery, new manufacturing techniques and new products, the chairman states.

Tax charge was substantially reduced at £55,000, against £338,000. Stated earnings per 25p share were well ahead from 34.75p to 44.92p.

● comment

The mild winter was largely responsible for the increase of a third in Marshalls' pre-tax profits. Over the second half, the concrete division improved margins by more than four points and reported more than doubled profits, masking problems in the engineering division. Profits here fell two-thirds, in part because of a £100,000 loss in South Africa, where the future looks extremely cloudy. In addition, Reliance Mercury made only a marginal profit during the year, though management changes have already brought about an improvement. Demand for concrete is holding up well for the moment, but there is likely to be some downturn in the second half. This helps to explain the rating of the shares which, despite a rise of 10p to 190p yesterday, trade on a multiple of only 4.1 times stated earnings. The group continues to spend heavily on plant, however, so there should be room for growth once the economy pulls out of recession. In the meantime, the shares derive a little support from the 7 per cent yield.

Eastern Produce tops £3m

AN INCREASE of £238,000 to £3.07m in pre-tax profits is reported by Eastern Produce *(Holdings)*, producer of tea, rubber, copra and cocoa, for 1979. Associates share was up from £786,000 to £1.58m.

Tax was virtually unchanged at £1.5m (£1.51m) and there was an extraordinary credit of £412,000 (£72,000). Stated net earnings per 50p share are 14.8p compared with 13.2p, and the final dividend is raised from 3.082p to 3.22p for *a total of 4.62p (4.422p).*

Turnover for the year rose from £17.3m to £17.9m.

Kellock Hldgs. reconstruction gets approval

Shareholders and loan stockholders of Kellock Holdings have approved the scheme of arrangement involving the reconstruction of the capital of the company by means of an offer from a newly-formed holding company—Kellock Trust.

Elections to receive shares in the Trust have been received from the holders of 691,952 shares (74.3 per cent), 836,886 convertible irredeemable sub variable rate loan stock units (80.3 per cent) and 299,825 11 per cent cumulative preference shares (77.3 per cent) in holdings.

Elections will be announced following the final date for election on June 27.

The scheme is expected to become effective on or around July 25, subject to the prior approval of the Court and the new shares in Kellock Trust being admitted to the official list.

John Swan declines to £210,461

Pre-tax profit of John Swan and Sons, livestock auctioneer, estate agent, fell from £210,461 to £163,779 in the year to April 30, 1980.

After tax £90,525 (£109,730) and an extraordinary debit last time of £10,113, the available balance was £73,254 (£110,844). *Turnover increased from £746,559* to £751,372.

At the interim stage, when pre-tax profits fell to £89,000 (£163,600), the directors said it would be difficult to predict results for the next six months.

The dividend is increased from 6.25p to 6.75p net. Earnings per 25p share are given as 10.9p (15p).

BIDS AND DEALS

Dobson Park makes £14m agreed bid for Wolf Tools

Dobson Park Industries, the mine roof support engineer has agreed terms for the acquisition of Wolf Electric Tools, the electric hand tool and accessory group, valuing the company at £14.2m.

For every 12 Wolf shares holders are offered 11 Dobson ordinary shares, or eight Dobson shares plus 360p cash. On this basis each Wolf share is valued at around 109p which compared with a price of 62p at which they were suspended yesterday morning. Dobson shares were unchanged at 119p.

As *an alternative to the cash* element accepting holders may elect to receive 30p nominal of 10 per cent loan notes 1980-84 for each ordinary share.

The directors of Wolf and their families have irrevocably undertaken to accept the offer in respect of their total holdings equal to 25.8 per cent.

Both companies have significant and complementary positions in the UK and overseas markets; for 1978-79 57 per cent of total sales of Dobson's Kango Electric Hammer subsidiary were in overseas markets while for Wolf the percentage was 49 per cent. Since 1968 Wolf has been the distributor of the Kango range of products in Canada.

The statement says that combined the two companies would cover a complete range of electric powered hand tools up to the Kango 2500 breaker and a comprehensive range of grinders, saws, *sanders and other* equipment. This range of products would enable a much improved penetration into overseas markets and would strengthen their position in the home market.

For Dobson the enlarged power tool division would become a more substantial contributor to overall sales and profits of the Dobson group. This would achieve the strategic intentions of Dobson of a better balance to its divisional structure.

In the year 1979 Wolf *produced* profits, before tax, of £2.67m from sales of £19.1m. It is expected that, while sales would be at least maintained, profits, before tax, for the first half of 1980 will be *materially* below those of the same period of 1979. Net tangible assets of Wolf at December 31, 1979, amounted to £10.3m.

In 1978/79 profits of Dobson amounted to £13.74m and in the first half of 1979/80 they rose from £6.63m to £7.78m—mining machinery contributed £4.6m (£3.5m) and Kango £1.6m (£1.4m).

Dobson is being advised by Hill Samuel and Wolf by County Bank.

United Biscuits expands U.S. interests with £15.4m purchase

United Biscuits, the McVitie and Crawfords biscuits *group, is* expanding its interests in the U.S. with the £15.4m acquisition of a Milwaukee-based pastry casing manufacturer.

UB proposes to acquire the Ready Crust brand pie crusts product line from Ward Foods, the New York-based diversified food processor, through Keebler, its U.S. subsidiary.

Under the terms of the deal Ward will continue to make the pie crust products for UB at the Milwaukee plant for at least two years. This would involve additional amounts being paid.

Mr. Bill Gunn, a UB director, said yesterday that the business being acquired was expected to produce $8m pre-tax earnings in the current year which would bolster the Keebler results.

He thought Keebler could do a lot more with Ready Crust than has been done so far. It had a monopoly in the market for pastry casings.

UB was on the lookout for more U.S. acquisitions but Mr. Gunn said there was nothing in the pipeline at the moment.

Ready Crust is part of Ward's candy chocolate and dessert group which accounted for 48 per cent of 1979 sales of $301.7m. Ward said that, although the unit was profitable, the sale of this "*important asset*" would strengthen the company. Proceeds might be used to fund internal growth, make acquisitions or reduce debt.

Ward has already disposed of its lossmaking bakery, dairy, fresh meat and seafood businesses. More recently, it has sold two unprofitable bakeries and plans to close another.

Over the past two years UB has spent £103m on investment and a further £41.5m on acquisitions in the U.S. and in the fast food business in this country. *The group*, which had a £33.8m rights issue in March, is planning a £100m re-investment programme over the next five years.

At the time of the rights issue the *company said it expected to* increase capital investment this year to about £61m, of which some £15m would be spent in the U.S.

Group profits improved from £42.2m to £43.7m in 1979. North America profits rose by 7 per cent to £16.1m, but a flat second half left Keebler profits 5 per cent lower at £14.1m.

The acquisition of Ready Crust would be UB's second major U.S. purchase since it bought Keebler, the second largest biscuit maker in the country, for $52m in 1974. Last April it paid $60m for Specialty Brands, a private U.S. company which distributes and prepares salad dressings and spices.

Imps sells BAT stake for £11m

AFTER concluding its $630m (£270m) takeover of the Howard Johnson restaurant and motel chain in the U.S., Imperial Group has now sold off its remaining 4.1m shares in BAT Industries for just over £11m.

Imperial, whose acquisition of HoJo will further dilute its involvement in the tobacco sector, had already sold off the bulk of its BAT stake in two major tranches, raising £77m in 1975 and a further £153m last year in a spectacular share placing.

Both companies have been going their own different ways in recent years, with BAT extending its non-tobacco interests into the stores and *paper sectors, with Imps adding* to its food and drink activities.

Imps' stake in BAT was sold in the market yesterday at 270p a share, with the stock taken up eagerly by major investors. By the end of the day, BAT shares had eased by 3p to 273p, with those of Imps up ½p to 86½p.

Mr. Jim McKinnon, Imperial's finance director, said the company had been obliged under its agreement with BAT to wait until the latter's annual meeting last Friday before selling *its remaining shares.*

It was then that the 4.1m units became ordinary instead of deferred shares; Imps did not sell these in last year's big placing, when they were still deferred, for reasons of convenience, he said.

Mr. McKinnon, just back from the U.S. to help complete the HoJo deal, also said that *Imperial now had a three-year* Eurocurrency facility to simplify the financing. Originally, this was for the full amount of the deal, but *is now below* $500m. The facility has been fixed on a three- and six-month rollover basis. "Our strategy is to use our gilts money at the best prices to get dollars at the best prices," he said in reference to the company's large holding of UK Government stock.

HENRY ANSBACHER/ FRANERS HOLDINGS

Henry Ansbacher Holdings is to acquire the minority interests in Franers Holdings for a consideration of £168,566 to be satisfied by a cash sum and by the issue of 1.05m shares (1.08 per cent). The company will acquire the interests of the director *vendors in the ordinary share* capital of Franers and the director vendors will surrender their service agreements without compensation.

They will retain their existing directorships within the group.

Stanley Racing sells its Standard Fireworks stake

THE *Liverpool-based* Stanley Racing group has severed its brief connection with Standard Fireworks by selling the quarter stake it bought earlier this year at a profit of nearly £140,000.

"We decided it didn't really fit in with our long-term plans," said Mr. Allen Lowry, company secretary of Stanley, which is jointly owned by Mr. Leonard Steinberg and his brother, Gerald.

After the stake was acquired in January, Leonard Steinberg tried to obtain a seat on Stanley's board, but this was rebuffed by the Standard directors.

Stanley's 370,500 shares, just over 22 per cent of the Standard capital, were placed by Charterhouse Japhet with institutions and investment clients at a price understood to be below 100p.

Mr. Lowry said that Stanley originally paid between 62p and 65p for the shares. The personal holding of *Mr.* Leonard Steinberg, amounting to nearly 3 per cent of the Standard shares, was also sold recently.

Standard's share price dropped by 11½p yesterday on the news to 94½p.

GIEVES GROUP PROPERTY SALE

The Mamos division of Gieves *Group (1980), tailor, publisher,* bookbinder, motor dealer and car park operator, is selling its freehold property in Farnham Road, Slough, for £660,000 cash.

Consideration from the sale of the property, which operates as a filling station and showroom for British Leyland cars and spares, will be used to reduce existing borrowings.

Completion of the transaction, which was announced at yesterday's AGM, will take place in September and the stock of cars and spares will be transferred to other branches of the motor dealing division.

The sale of the property and closure of the branch is expected ultimately to increase the group's reserves by approximately £100,000 after tax.

Last month it was announced that the motor dealing division continues to operate under very difficult trading conditions.

ASSOCIATES DEAL

Grieveson, Grant and Company, as associates of Charterhouse Group bought on behalf of discretionary investment clients 50,000 Keyser Ullmann Holdings at 85p xd *and 5,600 at 86p* xd June 20. On the same day on behalf of Charterhouse Japhet (account/client) they purchased 200 ordinary shares of the Charterhouse Group at 87p.

STEETLEY SELLS D. H. INDUSTRIES

The Steetley Company, mineral processing group, has sold back to its founder a small company acquired in 1976 which markets a range of European-made machinery.

The company is D. H. Industries *which* was founded by Mr. Dan Sullivan in 1960. Now the Sullivan family together with Pamasol Willi Maeder, a Swiss manufacturing company whose products are marketed in the UK by D. H., have bought the company back.

Following the merger with Gibbons Dudley, the company's operations in the UK and Europe will be restructured; with effect from June 29, into eight wholly-owned subsidiaries under Mr. A. L. Beard, who is managing director UK and Europe.

PARAMBE SELLS GAS INTERESTS

Parambe has sold its entire remaining interest in the Giardinetto and Lucera gas permits to Premier *Consolidated* Oilfields for 155,630 ordinary shares in Premier.

These have been placed by Laurence, Prust and Company *for* a net consideration to Parambe of approximately £140,000. The Board has taken into account the continuing delay that seems likely before these interests could produce revenue for the company.

In view of the availability of capital losses it is anticipated that the entire proceeds will be available to develop the company's business as a specialised investment company with an increasing emphasis on unlisted investments.

SHARE STAKES

Guthrie Corporation—*Mr. J. G.* Hogg, director, notifies sales of 13,500 shares in which he had a beneficial interest, at 712½p.

R. Green Properties—Mr. D. R. Kirch *has acquired 10,000 shares* making his holding 845,000 shares (6.928 per cent).

Westpool Investment Trust—Sun Life Assurance hold 492,000 shares (less than 5 per cent).

NORTH AMERICAN NEWS

McIntyre Mines in link with Superior

By Our Montreal Correspondent

CANADIAN SUPERIOR Oil, a major oil and gas producer and exploration group in both Canada and the U.S., is being merged with McIntyre Mines, a large coal producer in Western Canada.

The resulting group will become a full energy company controlled by Superior Oil of Houston, which in turn is dominated by the Keck family interests of California.

Shareholders of McIntyre, which began life more than 50 years ago as an Eastern Canada coal producer and was acquired by the Superior Oil Group of the U.S., more than a decade ago, will get new preferred stock of the newly amalgamated group on the basis of a one new preferred for every two-and-a-half McIntyre common stock.

Each new preferred share will be convertible into one share of Superior Oil of the U.S. common stock. The preferred will carry a dividend equal to that paid on Superior Oil common.

Superior Oil of the U.S. now owns 58 per cent of McIntyre common, and Canadian Superior is wholly-owned by U.S. Superior. Analysts suggest that the method used to bring about the proposed merger has been chosen to minimise tax consequences.

The proposed amalgamation is subject to receipt of Fairness Opinions regulatory clearances, certain other requirements and a favourable vote of McIntyre shareholders.

Foremost move to thwart bids

By Our Financial Staff

FOREMOST-McKESSON, the San Francisco-based health care, food and wines group, has proposed in its proxy statement for its forthcoming annual meeting to amend its charter to thwart prospective take-over bidders.

The company, which has been sparring with Sharon Steel for the past four years, has proposed an amendment that would permit the Board to restrict and limit the transfer to, and the purchase, ownership, and voting of shares by certain shareholders.

Texaco Canada to double spending on exploration

BY ROBERT GIBBENS IN MONTREAL

TEXACO CANADA is stepping up its exploration and development operation in Canada, both onshore and off the east coast, in the current year. The company has recently increased its dividends and is splitting its stock. It is also listing its stock on the American Stock Exchange, as well as in Vancouver and on the Alberta Stock Exchange in Calgary.

The Canadian subsidiary of Texaco of the U.S. hitherto has traded its stock only on the Toronto and Montreal exchanges.

Texaco Canada, which last year opened a refinery near Toronto, says 1980 capital and exploration spending will total C$266m (U.S.$231.4m) almost twice the amount spent last year and nearly C$50m more than expected at the start of this year.

The additional funds will be used to intensify the company's efforts to find and develop new Canadian oil and gas supplies. Of the total outlay for 1980, about 75 per cent will be devoted to exploration and production.

The additional funds have become available mainly because of a strong earnings performance in 1979.

Oil group plans Australian float

BY JAMES FORTH IN SYDNEY

OAKWOOD PETROLEUMS, the Canadian oil exploration group, plans to raise A$7m ($8.1m) from the Australian public through the flotation of a company to operate all of its international interests. It is the second Canadian group to offer equity to Australian investors in recent months. Canada North West recently floated a local exploration company.

Oakwood plans to offer Australian investors a 27 per cent interest in Oakwood International Petroleum NL with an offer of 28m fully paid 25 cent shares. Each share will carry a five-year option of 1 cent which can be converted into fully paid shares.

The Canadian parent is listed on the Toronto Stock Exchange and is capitalised at about A$70m It intends to assign all its interests outside Canada to the local group, which would become its international operating company. These interests in the U.S., Australia and the Seychelles would provide the Australian company with a cash flow of A$600,000 in the first year. This is expected to rise to A$1.1m in 1981 and A$2m in the next year.

The interests to be assigned include production and exploration interests in California, Kansas, Montana and Texas which contain proven and probable reserves of 144,000 barrels of crude oil and 3.6bn cubic feet of gas, a 12.5 per cent interest in five offshore petroleum exploration areas in the Seychelles, a 14 per cent interest in two exploration permits in the Exmouth region offshore Western Australia and an overriding royalty bought from International Oil Lease Service Corporation in authorities to prospect in the Surat and Cooper basins in Queensland.

Apart from shares offered to the public there will be 48m vendor shares and the same number of options. There will also be 5m directors' three-year options at 1 cent with a minimum exercise price of 30 cents a share.

Of the funds raised about A$1.2m will be used for exploration in east Texas and the Seychelles and the balance for local exploration and development.

Robert Gibbens in Montreal writes: Oakwood is a medium-sized Canadian oil and gas producing and exploration company based in Calgary. Revenues last year were C$18.6m ($16.2m), cash flow totalled C$8.5m and the net loss came out at about C$2m.

Paper plant closure to hit Scott

PHILADELPHIA — Scott Paper expects a pre-tax write-off of $15m, or 22 cents per share, in its second quarter from the planned phasing-out of its Sandusky, Ohio plant.

A senior management committee has recommended phasing out operations at the plant over the next 1 to 1½ years and consolidating them at plants at Dover, Delaware and Fort Edward, New York.

About 400 hourly and salaried workers are employed at Sandusky.

The Dover plant, which is a newer facility than Sandusky, affords substantial operating efficiencies through better technology and greater flexibility in making a range of products. Scott would invest several million dollars in additional facilities at the plant as part of the consolidation.

As previously reported, Scott said second quarter results would also include a gain from the sale of Elk River Timber of about $1.08 per share.

Scott said that if the consolidation of operation took place, no interruption in sales or service on trade-marked or bulk products would occur.

The Sandusky plant makes "Baby Fresh" wipers and a variety of disposable wipers for the industrial and commercial markets, all using its air lay manufacturing process. The plant also makes "Cut-Rite" wax paper.

Wax paper operations at Sandusky will be consolidated at Fort Edwards.

The next step is for company officials to review the recommended plan with Sandusky employees and the appropriate union representatives.

The first phase of the shut down is scheduled for early September with the final phase coming at the end of 1981.

Scott also announced that its 50 per cent owned Spanish affiliate had agreed to buy a paper mill for about $42m.

The affiliate, Gureola-Scott, will buy the mill at Salamanca Province from Papelerias Reunidas.

Reuter

No early settlement seen for IBM suit

WASHINGTON — Negotiations between the Justice Department and International Business Machines have not brought the Government's anti-trust suit against the company any closer to a settlement, according to a senior Justice Department official.

Mr. Sanford Litvack, head of the Department's anti-trust division, commented that neither side has so far advanced any specific proposals for a settlement of the Government's 11-year-old case against IBM.

Mr. Litvack said the talks so far between the Department and IBM officials have been preliminary and that the two sides have merely exchanged ideas without proposing any specific solutions.

"In the sense that neither side has advanced a specific proposal, I would say a resolution (of the IBM case) if there should be one, is a long way off," he said.

The two sides have had eight meetings so far, but no further meetings have been scheduled.

Mr. Litvack reiterated that the Department would not lay down any preconditions for a settlement of the case, but added that it would also not rule out any possible solutions including divestiture, for a settlement of the anti-trust case.

The Government has accused IBM, which has annual sales of $23bn, of monopolising the computer industry and is seeking to break the company up into several fully competitive companies.

On other matters, Mr. Litvack commented that the Department was encouraged by a court decision last week in favour of MCI Corporation but he added he was not sure what impact that would have on the Department's pending anti-trust case against American Telephone and Telegraph.

The Department has filed between 30 to 35 criminal charges against corporations and individuals for alleged violation of anti-trust laws during the past year, and Mr. Litvack said that he believed the levying of criminal penalties would be a significant deterrent to anti-trust violations.

However, the Department would file criminal charges against corporations only if it finds "clear cut" anti-trust violations.

He also said that he supports legislation to preclude huge conglomerate mergers that could be shown to be anti-competitive and thinks such proposals, which are being considered by the Department, would run into stiff opposition in Congress.

Reuter

INTERNATIONAL BONDS

Canadian province in $75m fund raising

By Francis Ghilès

A $75m 10-year fixed interest rate Eurobond has been launched for the Province of Nova Scotia through McLeod, Young Weir International. The borrower is paying an indicated coupon of 10¼ per cent for the bonds which will have an average life of 8½ years.

Meanwhile, in the dollar sector of the Euromarket prices were virtually unchanged yesterday in what dealers described as an "apathetic" market. No great interest is shown by investors in much of the paper on offer.

In the D-mark sector prices were slightly off yesterday, ahead of the Capital Markets Sub-Committee meeting which will set the calendar of new D-mark foreign bond issues for July.

The terms of the latest domestic D-mark issue, for the Federal railways, point to a further reduction in yield necessary to attract buyers. This DM 745m bond runs for 10 years and was priced at 100½ to yield 7.93 per cent.

In the Swiss franc sector the Council of Europe has completed a SwFr 100m 10-year public issue carrying a coupon of 6 per cent through Banca del Gottardo. This issue has been priced at par.

Banque Ivoirienne de Development Industriel is launching a SwFr 20m 10-year floating rate note which carries a minimum coupon of 7 per cent. The borrower, whose shareholders include a number of international banks, will pay an interest rate pitched at ¾ per cent above the six month Swiss franc interbank rate in London. The amount of this FRN, which is led by Banque Gutzwiller, Kurz, Bungener, could be increased to SwFr 30m.

In its June issue, The Amex Bank Review points out that, to date, much of the oil surplus recycling in the form of borrowing by less developed countries (LDCs) has been denominated in U.S. dollars.

However, the growing presence of OECD countries in external capital markets "should lead to a growing use of the Deutsche Mark to denominate external debts," it argues. These countries are not concentrated in the dollar area, it says.

Chrysler to feature U.S. bond market

By David Lascelles in New York

ANOTHER HEAVY week of corporate financing gets under way today with $1.5bn already on the slate and the first part of Chrysler's $1.5bn rescue financing in the pipeline.

The Chrysler Loan Guarantee Board is expected to give its final approval to the Federal financing package today. The motor manufacturer will then move swiftly into the market to sell $500m worth of 10-year notes which will be guaranteed by the Federal Government.

The notes will be a hybrid in that they mark a rare cross between corporate and treasury paper, and the terms reflect this. The issue, which is being handled by Salomon Brothers, will be priced to yield 75 basis points over the yield on treasury 10-year notes.

At yesterday morning's price, this would set the Chrysler paper at about 10.25 per cent. Actual pricing was due to take place last night.

This yield is at the stronger end of the market. Over the last week, prime corporations have obtained money for less than 10 per cent. But the majority are still paying closer to 11 or 12 per cent.

The week's other major issue is Pacific Telephone and Telegraph's $300m of 30-year bonds. The company is among the lower rated members of the Bell system (Single A), so the yield will not set a representative benchmark for Bell issues which are normally Triple A. Indications yesterday were that the yield would be in the 11¼-½ range, somewhat higher than other recent Bell issues.

On top of this, there is a heavy slate of tax exempt financings, and the treasury's $3.25bn of four-year notes.

However, the treasury is still suffering from Congress' failure to raise the Federal debt ceiling. The country's guardian of the purse strings announced yesterday that it would have to cut its weekly auction of short-term treasury bills from $7.8bn to $7bn last night to keep the debt in hand. The four-year note issue may also have to be curtailed.

According to Salomon Brothers, this month's corporate borrowings in the bond market will total about $7bn.

Moet-Hennessy aims for doubled U.S. wine output

BY TERRY DODSWORTH IN PARIS

FURTHER HEAVY investment in the U.S. is being planned this year by Moet-Hennessy, the French champagne, cognac and cosmetics company, with the aim of doubling its Californian wine output by 1984.

The company says that a large part of its FFr 90m ($21.4m) investment this year will be going to the U.S. for the expansion of production of its Napa Valley brands in California. Some 1.4m bottles of these wines will be sold this year and it is hoped to expand capacity to 3m bottles by means of a big vine planting programme. At the same time the Californian products are expected to break into profit this year, after running up losses of about $800,000 in 1979.

Moet-Hennessy has also made it clear that it intends to continue with its policy of diversification.

Shareholders were told at the annual meeting that sales this year have continued to increase rapidly, going up by 23 per cent over the first five months. On this basis the company has set a target for 1980 of around 18 to 20 per cent growth, with profits rising at a similar rate.

On the champagne side of the business Moet-Hennessy is expecting an abundant harvest this year, while the cognac activities are likely to achieve a volume increase of between 3 per cent and 4 per cent. Perfumes and cosmetics are also showing satisfactory progress, says the company.

Commenting on suggestions that the group might buy the fashion interests of Christian Dior from the Agache Willot textile group, to add to its already acquired Dior perfumes business, M. Frederic Chandon de Brialles, the chairman, said that the fashion company did not appear to be up for sale at present.

● BSN-Gervais-Danone, the French food processing group which sold its flat glass activities to Pilkington Brothers, is forecasting sales this year of around the FFr 16bn ($3.8bn) achieved in 1979.

The company says that it would be able to reach a similar turnover because the food interests it has recently acquired—notably Generale Alimentaire—will compensate for the loss of the glass division.

Sharp recovery at Statsföretag

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

STATSFÖRETAG, the Swedish state holding company responsible for some 30 state companies, has reported a considerable improvement in group earnings during the first four months of the year. The SKr 38m pre-tax loss recorded in the corresponding period of 1979 has been turned into a consolidated pre-tax profit of SKr 85m ($20.5m). Sales climbed by 32 per cent to SKr 4.65bn ($1.12bn).

It must be noted, however, that Statsföretag has changed its book-keeping rules in line with the recommendation of the Accountancy Board that state allocations made to cover specific costs can be shown as reductions of those costs. Under the old rules the group reported a loss of SKr 335m in January-April, 1979 instead of the SKr 38m loss now shown for that period.

The growth in both sales and earnings during four months is attributed mainly to better performances by two companies, ASSI, the pulp and paper subsidiary, and LKAB, the iron mining company, which turned in losses last year. Of the Skr 123m profit improvement Skr 85m derives from these two companies, as does Skr 550m of the Skr 1.13bn increase in group turnover.

The pre-tax profit includes Skr 64m in stock gains and is struck after planned depreciation of Skr 225m. It also includes Skr 36m in State grants to cover operating costs and Skr 21m from the State to meet certain financial costs. The interim report notes that depreciation would have been Skr 161m higher, if it had been calculated on a replacement cost basis.

ASSI and LKAB also absorbed the lion's share of the group's capital spending during the period. Investment leapt from Skr 477m in January-April, 1979 to Skr 772m, of which ASSI took Skr 313m and LKAB Skr 179m. During the period ASSI acquired Gerro Karton, the West German corrugated board concern.

The management anticipates a slackening in business for the group as a whole in the second half of the year but this will have a sharper effect on the 1981 result. For 1980 as a whole the group expects to raise pre-tax earnings by about SKr 200m.

Group investments during the year are forecast to reach a peak of considerably more than SKr 2bn. During the first four months group liquid assets declined by some SKr 460m, chiefly to meet investment requirements. LKAB took up a Euromarket loan of $120m during the period while ASSI made a SKr 120m bond issue on the domestic market.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on June 23

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	93½	94	+0¼	−0½	11.13
Australian Res. 9¾ 84	30	96¾	97¾	0	+0¼	10.65
Beneficial Fin. 9¾ 87...	100	93½	94	0	−1¾	11.07
[illegible]						

R. Bk. Canada 10 86 C$	40	94½	94¾	+2	0	11.38
R. Bk. Canada 10 94 C$	40	88	88½	−0¼	−0¾	11.75
Tordom Cpn. 13½ 85 C$	30	104¾	105¾	−0¼	−0¾	12.10
M. Bk. Dnmk. 8 91 EUA	25	185	86	0	0	9.85
SOFTE 8¾ 89 EUA	40	187	88	0	0	10.48
[illegible]						

WEST GERMAN ENERGY

Ruhrkohle planning to step up production

BY KEVIN DONNE IN ESSEN

AFTER SEVERAL years of uncertainty Ruhrkohle, West Germany's dominant coal producer, appears set to cash in on the expansion that is planned for coal as an increasingly important source of energy for Europe's industrial nations.

Last year Ruhrkohle increased its production for the first time in its 10-year history, the company said. This reverses the decline that has characterised the West German coal industry over the last decade. At the same time Ruhrkohle is investing heavily in new mines and further exploration in the Federal Republic in order to allow a gradual increase of production capacity during the 1980s and 1990s.

After an ill-fated venture in the U.S., it is also building up its overseas coal interests with particular attention being paid to Australia and Canada. Ruhrkohle last year produced an after-tax profit of DM 138m compared with a break-even position in 1978.

Production last year increased by 1.7m tonnes to 62.9m tonnes—equivalent to some 73 per cent of total West German coal production and 29 per cent of the EEC total.

Total sales rose much more substantially as the coal industry was buoyed up last year by the strong demand for coking coal from the steel industry, which enjoyed a boom year, along with rising demand from the electricity supply industry. Demand for power from industry also rose in 1979 as a reflection of the strong growth in the West German economy. Sales totalled 72.5m tonnes, a rise of 13 per cent and the value of the group's total turnover rose by 30 per cent to DM 16.2bn.

Ruhrkohle's coal stocks were reduced by some 60 per cent from 15.5m tonnes to only 6.3m tonnes, and a further fall of 2m tonnes is expected this year.

In 1980 Ruhrkohle is expecting to hold its production at the level of 63m tonnes, although its sales will probably fall below last year's level. There is expected to be a decline in the steel industry's coal demand this year, but Ruhrkohle is confident that coal is again competitive against oil in the power market.

In the Ruhr region, West Germany's major area of heavy industry, heavy fuel oil is today some DM 40 per tonne of coal equivalent more expensive than steam coal.

Ruhrkohle is currently engaged in a major investment programme aimed at expanding its production capacity, exploring new reserves and ensuring itself a place in the international coal trading market that is expected to open up during the 1980s. Investment between 1980 and 1984 is likely to total more than DM 8.5bn.

It is forming a new subsidiary to bring together its overseas coal interests, Ruhrkohle International, with a basic capital of some DM 50m.

The company's major overseas interest is the 16.6 per cent interest it holds in the German Creek coal project in Queensland, Australia. Work on preparing this mine for production is well advanced and output is expected to start in 1982 with production rising to more than 3.2m tonnes a year. Ruhrkohle's share is around 500,000 tonnes a year, but no decision has yet been made on whether the coal will be shipped to Germany or sold elsewhere in third markets. Development of the mine will cost a total of some A$350m.

Ruhrkohle's other major hopes for future development overseas are both in British Columbia, Canada. At Elk River and at Saxon it has shares in consortia holding coal reserves, which eventually could give the basis of mines with annual production of around 3m-4m tonnes.

Ruhrkohle is also taking an interest in the new coal port at Maasvlakto, Rotterdam, which is being developed as Northern Europe's major coal import terminal. The port may finally be expanded to have a capacity for handling some 20m tonnes of coal a year, but in the first stages it is being built to handle some 4m-6m tonnes a year. Ruhrkohle's share of this will be some 500,000 tonnes.

The company said yesterday that by the end of the century it expected to be handling more than 10m tonnes a year of foreign coal, both from own production and trading purchases.

Strikes hit recovery plan by Air Portugal

By Jimmy Burns in Lisbon

THE FUTURE of Air Portugal, the troubled national airline, was in the balance again yesterday as the company faced a prolonged strike for the second time this year during a busy tourist season.

A 48-hour strike by pilots is expected to be followed today by further stoppages organised by the company's engineers and cabin staff.

The company is maintaining its flights to the tourist resorts of Madeira and the Azores and to the former Portuguese colony of Cape Verde. A Government statement yesterday said that the strikes would affect almost 3,000 passengers daily and cost the airline an estimated Es 32.5m ($665,710) a day in lost revenue.

The latest strike could jeopardise a five-year recovery programme which was agreed to in principle recently by the management of the state-owned airline and the Government.

The scheme aims to put Air Portugal, which had losses of Es 2.5bn ($51.20m) in 1979, firmly into the black by 1985. It calls for additional funding for the company of Es 2.4bn over the next two years, and a roll-over Es 1.3bn in short-term debt into medium- and long-term debt.

At the same time Air Portugal is planning to push ahead with the purchase of five TriStar 10-11s. However, in the light of the strikes, the future of the estimated $300m deal is again uncertain.

Banco de Santander lifts profit despite bad debts

BY ROBERT GRAHAM IN MADRID

BANCO DE SANTANDER, one of the big seven Spanish commercial banks, announces a 21 per cent increase in 1979 pre-tax profits of Pta 6.6bn ($94m). The increase is greater than the average recorded for the large banks and has been achieved despite substantial portfolio writedowns and provision for doubtful debts.

Santander set aside Pta 2.2bn ($31m) to cover doubtful debts and a further Pta 6.5bn ($92m) to cover amortisation and the writing down of portfolio investments. The largest part of this was the writing down of Pta 4.2bn ($62m) in the value of two subsidiary banks, Banco Jover and Banco Commercial Espanol.

The bank's performance in a difficult year has been attributed to its comparatively modest involvement in major industrial undertakings, and its extensive overseas operations in Latin and Central America. With 10 banks throughout North and South America, Santander is well placed to take advantage of expanding Spanish trade.

The bank has decided to increase reserves to Pta 28.3bn ($404m), which is 37 per cent more than paid up capital. The maximum dividend under Bank of Spain regulations is being paid—6 per cent of capital and reserves. This is Pta 2,418 per share, a 27 per cent increase on the previous year.

Speaking to shareholders, Sr. Emilio Botin, bank president, urged that the Government alter this antiquated dividend legislation.

Tooth minority fights link-up with Hooker

By James Forth in Sydney

MINORITY shareholders of Tooth, the New South Wales brewer opposed to the proposed A$230m merger with Hooker Corporation, the property group, have requisitioned an extraordinary meeting of shareholders. The merger is to be achieved through the acquisition of Hooker by Tooth, but the chief executive of Hooker, Mr. J. K. Campbell will head the combined operation.

They want the merger called off and the Tooth board asked to investigate setting up a property trust. They are also seeking a consolidation of Tooth's current operations before its venturing into a new operation in the fast foods field.

Dassault role in takeover of troubled Logabax

BY DAVID WHITE IN PARIS

A TAKEOVER solution has been found for Logabax, a troubled second-line French computer group previously controlled by the Belgian company, Electrobel.

Logabax, which is one of the country's main independent companies in the field, is to be absorbed by another small computer concern, Intertechnique. The move is being made with the active participation of the Dassault aircraft group and fits in with a series of recent manoeuvres aimed at concentrating France's interests in the small computer field.

Logabax's activities, which underwent rapid growth in the 1970s before the company became bogged down by heavy financial charges, are to be brought together with the computer operations of Inter technique to form a group with an annual turnover of about FFr 800m ($195m).

Electrobel will keep 17.4 per cent of this group, with the rest in the hands of a new holding company. This will be 62.2 per cent owned by Intertechnique with the remainder split between Dassault and the State-controlled bank, Société Generale.

German rail raising DM750m

BY OUR FINANCIAL STAFF

WEST GERMANY'S railway system, the Bundesbahn, is to borrow DM750m ($423m) on the German capital market through the issue of a ten-year bond carrying a coupon of 8 per cent.

The bond is to be priced at 100.5 and official dealings will start on July 1.

The issue comes at a time when the German capital market is still largely digesting the recent DM1.5bn Government offer which was comparable in maturity but which carried a coupon of 8½ per cent.

Turkish stake in Nigerian plant

ISTANBUL — Eczacibasi Holding of Turkey will build a $120m pharmaceutical plant in northern Nigeria in a joint venture with a Nigerian group, Koguna-Babura-Thomas, and the Nigerian Government, the company said yesterday.

Eczacibasi and Kuguna-Babura-Thomas will each have a 37.5 per cent interest in the company, to be called Medika Pharmaceutical Manufacturers. The Nigerian Government will hold the remaining 25 per cent. Reuter

GOLD 1980

Bullion price set to recover as supplies grow scarcer

BY DAVID MARSH AND KENNETH MARSTON

OFFICIAL SALES of gold by governments and monetary institutions are likely to drop this year as a result of the halt to U.S. sales and the ending last month of the International Monetary Fund's four-year programme of auctions.

Consolidated Gold Field's gold analyst, Mr. David Potts, believes that this will be one of the principal factors behind an expected sharp fall in gold supplies to the non-Communist world this year. These sales may drop by over one-third to about 1,100 tonnes from 1,765 tonnes in 1979, and could represent a strong source of support for the bullion price.

Gold 1980, the company's annual report of bullion developments, says that net sales by Communist countries, mainly the Soviet Union, fell last year to 229 tonnes from 410 tonnes the previous year. Net official sales from the non-Communist world, including the auctions of the U.S. Treasury and the IMF, rose to 574 tonnes from 362 tonnes, and non-Communist mining production fell to 962 tonnes from 980 tonnes. Net private purchases for both investment and fabrication worldwide rose to 1,765 tonnes from 1,752 tonnes.

The figure for net official sales incorporates the company's estimates of sales of gold by South Africa which had previously been tied up in "swap" deals with foreign banks. It also includes sales of gold from official reserves for the fabrication of coins, and purchases by central banks and other oragnisations considered to be under direct government control.

Consolidated Gold Fields indicates that several developing countries have been buying gold in order to stock up the amounts of metal held in their reserves.

"The countries with relatively small amounts of gold have noticed the gains made by the principal gold holding nations as the price rose through the 1970s. We expect some of them, particularly in the Third World, to continue making small but regular purchases of the type that started in recent years."

The report does not name any countries that have been carrying out this type of investment. Bullion dealers in recent months, however, have identified one source of such purchases as the Middle East. Another source is possibly Latin America.

Purchases from these quarters may be offset to some extent if other countries follow Canada's example of selling gold from reserves, the report says. Canada sold about 11 tonnes during the first four months of 1980 and has plans to dispose of about 31 tonnes.

However, large-scale sales from the holdings of the industrialised world's central banks are, the report argues, unlikely. Although some sales will be made, Mr. Potts believes there will be no wholesale attempt to hold down the gold price. Such sales will probably be absorbed by the market without any large price fluctuations.

The report says the most likely reason for the 44 per cent drop in Communist supplies last year was simply because of the large rise in the bullion price.

The Soviet Union was able to realise its annual foreign exchange target with a lower level of sales.

Lower sales may also have been a deliberate withholding tactic to offset the increased supplies from the U.S. In addition, it is possible that Soviet gold stocks may have reached a minimum acceptable level because of the heavy sales programmes from 1976 to 1978.

The report notes that there has been no U.S. statement to change its gold sales policy outlined in October last year. Thus future sales may be made by the Treasury in order to boost the dollar or help the balance of payments.

Gold 1980 is the latest annual report on bullion developments published by the Consolidated Gold Fields group.

But U.S. sales are not expected to be part of the attempt made under the previous demonetisation campaign to tone down the metal's role in the monetary system. "It is now clear that an increasing role for gold is being developed by governments and some international financial organisations which are controlled by governments."

The report says that there were major increases last year in the amounts of physical gold moved to countries in the Far East. Taiwan recorded physical transfers of 68 tonnes, primarily caused by political uncertainties after the U.S. gave diplomatic recognition to Peking. There were also increased shipments to Hong Kong, Indonesia, Singapore and Thailand. The largest physical movement registered to a Middle East country was to Turkey, put at 16 tonnes.

While the price of gold was spinning up last year, Gold 1980 shows that gold production by the mines in the Western world declined to 962 tonnes from 980 tonnes in 1978.

The biggest producer, South Africa, contributed 703 tonnes, equal to 73 per cent of the total supply of 1,765 tonnes from all sources to the non-Communist world. South Africa's output was only 3 tonnes down on that of 1978, but it was a far cry from the record 1,000 tonnes produced in 1970.

The major reason for the fall in South African output has been the working of lower grade ores, which have become economic with the higher bullion prices. This is deliberate policy designed to extract as much of the lower grade ore as possible and thus extend the lives of the mines.

At the same time the mines in the important Orange Free State field, which have been operating for some 20 years, have run out of the higher grade ore reserves and perforce have to mine the less rich material. The consequence is that while the total amount of ore hoisted has risen only modestly, its lower gold content has resulted in reduced output of the metal.

Canadian gold output fell to 49.1 tonnes last year from 54 tonnes while that of the U.S. was 28.3 tonnes against 30.2 tonnes, says Gold 1980. The report mentions the heightened prospecting activity and the hopes of new gold mines being opened but feels that it is too early to estimate the long-term production trend in North America.

Last year, however, saw a sharp rise in Brazilian gold output to an estimated 26.1 tonnes from a revised estimate of 22 tonnes in 1978. The increase arises from boosted alluvial gold production in the Amazon region and puts Brazil in fourth place in the non-Communist world production league.

Of the other countries, output from Papua New Guinea fell to 19.7 tonnes last year from 23.4 tonnes because of a reduction in ore grades at the Rio Tinto-Zinc group's Bougainville mine. But it could rise again if, as seems likely, the Ok Tedi deposit there is opened up.

Australian gold production fell 8 per cent to 18.5 tonnes last year partly as a result of labour disputes. Here again, there are prospects for the opening up of new production but Gold 1980 prefers to wait a year to see how many of the proposed ventures survive the scrutiny of detailed technical and financial appraisals.

Possibilities of increased production are seen in the Philippines, Zimbabwe, Chile, Fiji, New Zealand and the Middle East. Overall, however, Western gold production seems unlikely to be much changed over the next decade.

While a good deal of secrecy surrounds the Soviet Union's gold operations, it is believed that annual production is in the range of 280 tonnes to 350 tonnes. Part of this comes as a by-product from base metal mining operations but the overall impression is that no major change in total Soviet gold production is likely in the foreseeable future.

China, on the other hand, is not secretive and last year a team from Gold Fields visited the principal gold mining provinces in the Peoples' Republic. Total production is estimated at between 30 and 60 tonnes a year. A significant increase in this, possibly to about 100 tonnes by the end of this century, is thought possible with the use of more modern equipment and methods.

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Companies and Markets — **INTL. COMPANIES & FINANCE**

Isuzu cuts forecast after sharp fall in first half

BY OUR FINANCIAL STAFF

ISUZU MOTORS, the Japanese motor manufacturer in which General Motors of the U.S. has a 34 per cent stake, suffered a 36.3 per cent fall in after-tax profit in the first half of its fiscal year to Y5.13bn ($23.6m) at parent company level, from Y8.05bn in the same period last year.

The company has cut its estimate of profits for the full year, to October 31, to about Y6.50bn, from the Y7.50bn forecast in December. The latest results follow a fall of 5.4 per cent in net profit for the full year, 1978-79 to Y12.64bn.

The downward revision in the earnings forecast comes on the back of an increased interest burden and higher depreciation, resulting from investment in plant and equipment.

Sales increased in the first half by 5.9 per cent to Y342.51bn ($1.6bn), from Y323.34bn, and the company has lifted its estimate of sales for the full year to around Y692.5bn, from the December estimate of Y660bn. In 1978-79, sales were up 11 per cent to a record Y635.44bn.

Isuzu's sales cost ratio rose 2.1 points to 89.8 per cent in the first half, from the year-earlier level, with the interest burden rising by Y2.3bn and depreciation — increasing to Y8.4bn from Y6.1bn. In the second half, depreciation is expected to rise further, to Y10bn.

The company sold 231,300 vehicles in the first half, or 10.4 per cent more than a year earlier. Exports totalled 125,900, up 21.0 per cent. It plans to sell 243,000 in the second half, including 126,000 for exports.

Isuzu plans to spend Y200bn in the four years 1979 to 1982 to increase vehicle production and to develop new products. Capital outlays on plant and equipment this year will total about Y50bn, compared with Y35bn last year.

KLK ahead despite rise in costs

By Wong Sulong in Kuala Lumpur

KUALA LUMPUR KEPONG, Malaysia's fourth biggest plantation group, has reported an 11 per cent increase in first half pre-tax profits to 30.4 ringgit (U.S.$14.2m). Turnover for the five months to March was 80m ringgit (U.S.$38m).

The better earning are attributed to a higher crop output and to favourable prices.

Rubber production increased by 7 per cent to 8.82m kilos grammes, with the yield improving by 3 per cent to 804 kilos per hectare. Output of oil palm from KLK's own estates rose by 20 per cent to 170,000 tonens, despite a marginal decline in yield, remitting from a larger harvesting area.

Prices of rubber were 25 per cent higher, while palm oil prices were up 7 per cent.

Earnings were held back by production costs, which rose by 16 per cent to 47m ringgit, while investment income fell 9 per cent to 3.6m ringgit. Labour and fertiliser costs in particular increased sharply.

Kuala Lumpur Kepong has 87,000 acres under oil palm and rubber.

Honda sales boost Oriental Holdings

By Our Kuala Lumpur Correspondent

ORIENTAL HOLDINGS, the Malaysian distributor of Honda vehicles, has reported record results for 1979 with pre-tax profits rising by 44 per cent to 28.6m ringgit ($13.39m).

The company is paying a 20 per cent dividend on the enlarged issued capital of 66.8m ringgit compared with a 22.5 per cent dividend on capital of 18m ringgit last year.

Datuk Loh Boon Siew, the chairman, said the distribution of Honda vehicles continued to contribute significantly to group profits. Despite rising costs, earnings on the Malaysian operations were maintained, while operations in Singapore expanded considerably.

Earnings from the company's plantation subsidiary were below expectations, although better results could be expected for the current year with new areas coming to maturity.

Public issue by Ka Wah Bank

HONG KONG—Ka Wah Bank is to issue 35m nominal HK$1 shares to the public at HK$ 1.30 a share, to raise a total of HK$ 45.5m (U.S.$ 9.2m).

The bank's present issued capital is HK$ 105m, and the shares to be issued represent 25 per cent of the enlarged issued capital.

The bank said that, following a property valuation as of April 30 this year, and including the estimated net proceeds of the share issue, the group net assets per share were indicated at HK$ 1.66.

It also forecast 1980 consolidated net profit of not less than HK$ 14m, compared with HK$ 10.6m in 1979, and said it expected to pay a dividend of not less than 5 cents a share for the year.

Based on these figures and a weighted average of shares outstanding, the price earnings ratio is 11.2, while the forecast dividend yield is 3.8 per cent and the dividend cover 2.0.

The prospectus giving full details of the issue, which will be underwritten by Chase Manhattan Asia, is to be published tomorrow, and subscription lists will be open until July 4. It is expected that dealings on local stock exchanges will begin on July 17.

Ka Wah Bank, which has 14 branches in Hong Kong, provides commercial banking services to private and corporate customers in Hong Kong and South East Asia.

The bank accounted for over 90 per cent of the assets and profits of the group. Its principal subsidiaries include Ka Wah Merchant Finance, a deposit taking company, and Ka Wah Insurance.
Reuter

Tax exemption helps lift Hindustan Lever earnings

BY R. C. MURTHY IN BOMBAY

HINDUSTAN LEVER has reported a 17 per cent increase in sales for 1979. But improved profit margins and tax exemption for investment in new plant lifted after-tax profits by almost 50 per cent.

Sales rose to Rs 3.22bn ($410m) in 1979 from Rs 2.76bn in 1978. The increase is spread throughout its three areas of activity: processed triglycerides, soaps and detergents; chemicals, animal feeds and toilet preparations; and edible fats and dairy products.

Profits before tax rose 18.64 per cent to Rs 306.1m from Rs 258m in 1978. Tax exemption for investment in an industrial phosphates project at Haldia in West Bengal and other adjustments raised after-tax profits to Rs 145.5m from Rs 97.9m. The company declared a dividend of 25 per cent up from 20 per cent.

Composition of the company's sales and exports, said Mr. T. Thomas, the chairman, should allow Hindustan Lever, a subsidiary of Unilever, to retain 51 per cent foreign ownership.

The proportion of production categorised as essential to the Indian economy accounted for 60 per cent of Hindustan Lever's output and exports were 10 per cent up on 1979.

Unilever reduced its 60 per cent stake in Hindustan Lever to 51 per cent in May by selling 4.24m shares on the basis of a formula accepted by the Government.

Mr. A. S. Ganguly will succeed Mr. Thomas as chairman at the end of June.

Advance at James Hardie Industries

By James Forth in Sydney

JAMES HARDIE Industries, a diversified building products group, raised its earnings by almost 25 per cent in the year to March 31, and has lifted its dividend and declared a scrip issue. Profit rose from A$ 21.6m to A$ 27.1m (U.S.$ 31.3m), equivalent to 66.5 cents a share, compared with 60.2 cents.

The directors have declared a one-for-three scrip issue.

The final dividend is 10 cents a share, payable on the higher equity. This brings the annual payment to an effective 22.83 cents a share, compared with 17.5 cents in 1978-79. Moreover, the directors forecast an interim payment of 10 cents a share next February, and that the annual rate will be maintained at not less than 20 cents a share

Pound steady

Sterling showed little overall movement in currency markets yesterday in predominantly quiet trading. Its trade weighted index against a basket of currencies remained at 73.8 at all three of the day's calculations, unchanged from Friday's close. There was some demand for sterling from time to time, but trading was very thin. Against the dollar sterling opened at $2.3370-2.3380 which was to be its lowest level of the day. In later trading it touched a high of $2.3440-2.3450 and closed at $2.3415-2.3425, a rise of 65 points from Friday.

Current uncertainty about the timing of a cut in MLR appears to have locked sterling into a weekly pattern. This has involved some short covering on Monday, after the previous Thursday's unchanged MLR, while on Tuesday speculators have sold sterling, two dealing days ahead of any possible announcement on the following Thursday.

The dollar finished close to its best level of the day after a weak start, closing at DM 1.7670 against the D-mark, compared with DM 1.7680 on Friday, and SwFr 1.6335 from SwFr 1.6320 in terms of the Swiss franc. There was little reaction in London to the result of last weekend's General Election result in Japan, and the dollar finished at Y216.10 against Y217.10. On Bank of England figures, the dollar's trade weighted index eased slightly to 83.3 from 83.4.

D-MARK — Slightly weaker within the European Monetary System recently, but showing a firmer tendency against the dollar following a sharp narrowing in Euro-currency interest rate differentials—There was no intervention by the Bundesbank yesterday in Frankfurt when the dollar was fixed at DM 1.7660, down from Friday's fixing of DM 1.7700. Trading was extremely quiet and uneventful, with few economic indicators on the horizon to affect business levels.

BELGIAN FRANC—Remaining firm within the EMS despite easing of interest rates by Belgian authorities—The Belgian franc was weaker at yesterday's fixing in Brussels both against sterling and other EMS currencies, but it improved slightly in terms of the U.S. dollar. The U.S. unit slipped to BFr 28.275 from BFr 28.29, while sterling rose to BFr 66.1575 from BFr 66.0325. Within the EMS, the D-mark rose to BFr 16.0135 from BFr 15.9912½, and the French franc was higher at BFr 6.894 compared with BFr 6.8795 at Friday's fixing.

DANISH KRONE — Steadier within the EMS recently following two devaluations in 1979—The krone was mostly firmer at yesterday's fixing in Copenhagen, rising against its EMS partners as well as sterling and the U.S. dollar. The D-mark was quoted lower at DKr 3.1054 against DKr 3.1075, and the Dutch guilder eased to DKr 2.8340 from DKr 2.8375. Outside the EMS, sterling fell to DKr 12.8240 from DKr 12.8270 and the dollar slipped to DKr 5.4820 from DKr 5.4975.

JAPANESE YEN—Energy and balance of payments problems reflected in sharp decline last year. More recently lower U.S. interest rates have helped the yen recover—The yen rose sharply against the dollar in Tokyo yesterday following a strong win by the Conservative Liberal Democratic party at the General Election. The dollar closed at Y215.40 compared with Y217.35 on Friday and an opening level yesterday of Y217.80. The dollar touched a high of Y218.40 soon after the opening, but as the election result was known, demand for the yen increased and the dollar suffered accordingly.

THE POUND SPOT AND FORWARD

June 23	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3370-2.3450	2.3415-2.3425	1.66-1.56c pm	8.25	4.48-4.38 pm	7.57
Canada	2.6840-2.6935	2.6912-2.6922	1.10-1.00c pm	4.68	3.60-3.50 pm	5.27
Nethlnd.	4.51-4.55	4.53¾-4.54¾	3¼-2¼c pm	7.27	7¾-6¾ pm	6.39
Belgium	66.00-66.35	66.22-66.32	23-13c pm	3.28	50-40 pm	2.72
Denmark	12.81-12.85	12.83½-12.84½	¼-1ore dis	−0.78	5-6¼ dis	−1.83
Ireland	1.1000-1.1050	1.1022-1.1032	0.01-0.03p dis	0.22	0.15-0.07 pm	0.40
W. Ger.	4.11½-4.15	4.13¾-4.14¾	3½-2¾pf pm	8.34	8½-7½ pm	7.61
Portugal	114.10-114.70	114.45-114.65	15c pm-30 dis	−0.79	55pm-70dis	−0.52
Spain	163.75-164.25	164.05-164.15	20c pm-35 dis	−0.55	15-95 dis	−1.34
Italy	1,950-1,958	1,955-1,957	par-2lire dis	−0.61	9½-11½ dis	−2.15
Norway	11.33-11.38	11.35-11.36	8½-6½ore pm	7.93	20½-19 pm	6.96
France	9.58-9.68	9.60½-9.61½	4¾-3¾c pm	5.31	11-10 pm	4.37
Sweden	9.71-9.76	9.74½-9.75½	3-2½ore pm	3.39	5¾-5¼ pm	2.26
Japan	501-508	505½-506½	2.10-1.70y pm	4.51	6.85-6.45 pm	5.26
Austria	29.30-29.50	29.38-29.43	17-15gro pm	6.53	47-42 pm	6.05
Switz.	3.79-3.83	3.82-3.83	4½-3½c pm	12.16	11¼-10¼ pm	11.11

Belgian rate is for convertible francs. Financial franc 66.60-66.70. Six-month forward dollar 6.87-6.82c pm, 12-month 10.00-9.85c pm.

THE DOLLAR SPOT AND FORWARD

June 23	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3370-2.3460	2.3415-2.3425	1.66-1.56c pm	8.25	4.48-4.38 pm	7.51
Ireland†	2.1180-2.1220	2.1190-2.1210	1.45-1.35c pm	7.92	4.40-4.30 pm	8.21
Canada	1.1485-1.1500	1.1494-1.1497	0.33-0.38c dis	−3.70	0.64-0.69dis	−2.31
Nethlnd.	1.9340-1.9370	1.9355-1.9370	0.10-0.20c dis	−0.93	0.53-0.63dis	−1.20
Belgium	28.25-28.43	28.29-28.31	11-13c dis	−5.09	32-35 dis	−4.73
Denmark	5.4785-5.4830	5.4810-5.4825	3.65-4.15ore dis	−8.54	11.4-11.9dis	−8.50
W. Ger.	1.7640-1.7675	1.7665-1.7675	0.05pf pm-0.05dis	—	0.05pm-0.05dis	—
Portugal	48.87-49.15	49.03-49.13	30-40c dis	−8.56	70-120 dis	−7.74
Spain	70.04-70.14	70.04-70.08	47-60c dis	−9.16	145-165 dis	−8.85
Italy	834.50-836.50	835.10-835.40	6-7lire dis	−9.34	20-21 dis	−9.82
Norway	4.8485-4.8520	4.8490-4.8505	0.55-1.15ore dis	−2.23	2.60-3.10dis	−2.35
France	4.0985-4.1035	4.1010-4.1030	1.05-1.15c dis	−3.22	3.35-3.55dis	−3.36
Sweden	4.1605-4.1645	4.1610-4.1630	1.45-1.75ore dis	−4.61	5.30-5.60dis	−5.24
Japan	215.10-216.20	216.05-216.15	0.70-0.85y dis	−4.30	1.25-1.40dis	−2.45
Austria	12.55-12.56¾	12.55¾-12.56¾	1.30-1.90gro dis	−1.53	3.60-5.25dis	−1.38
Switz.	1.6285-1.6350	1.6330-1.6340	0.58-0.51c pm	−4.00	1.53-1.48pm	−3.66

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

June 23	Bank of England Index	Morgan Guaranty Changes%
Sterling	73.8	−32.1
U.S. dollar	83.3	−10.4
Canadian dollar	81.7	−16.1
Austrian schilling	156.5	+24.4
Belgian franc	115.6	+14.2
Danish kroner	107.4	−4.0
Deutsche mark	155.4	+44.3
Swiss franc	197.6	+79.2
Guilder	125.5	+19.7
French franc	101.7	−5.6
Lira	53.2	−51.1
Yen	131.3	+29.3

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

June 20	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	0.565533	0.608656
U.S. $	11	1.32052	1.42324
Canadian $	10.67	1.51767	1.637440
Austria Sch.	6¾	16.6293	17.94035
Belgian F	14	37.3575	40.2617
Danish K	13	7.25494	7.812
D'Mark	7½	2.33732	2.51686
Guilder	9½	2.56049	2.75625
French Fr.	9½	5.42800	5.83814
Lira	15	1103.95	1189.12
Yen	9	286.949	309.057
Norwgn. Kr.	9	6.41773	6.91339
Spanish Pta.	8	92.6054	99.8333
Swedish Kr.	10	—	5.92566
Swiss Fr.	3	2.15469	2.32230

OTHER CURRENCIES

June 23	£	$		£ Note Rates
Argentina Peso	4307-4327	1842-1849	Austria	29.20-29.50
Australia Dollar	2.0195-2.0235	0.8640-0.8645	Belgium	66.05-66.65
Brazil Cruzeiro	120.11-121.11	51.445-51.645	Denmark	12.75-12.83
Finland Markka	8.512-8.522	3.6380-3.6400	France	9.54-9.60
Greek Drachma	99.846-102.168	42.70-42.90	Germany	4.12-4.15½
Hong Kong Dollar	11.48¼-11.50¼	4.9085-4.9115	Italy	1915-1960
Iran Rial	n/a	n/a	Japan	503-508
Kuwait Dinar(KD)	0.621-0.627	0.2667-0.2668	Netherlands	4.51½-4.55
Luxembourg Frc.	66.22-66.32	28.29-28.31	Norway	11.29-11.38
Malaysia Dollar	4.9950-5.0150	2.1370-2.1390	Portugal	111½-116
New Zealand Dlr.	2.3635-2.3685	1.0110-1.0120	Spain	159¼-165¾
Saudi Arab. Riyal	7.76-7.82	3.3290-3.3310	Sweden	9.70-9.78
Singapore Dollar	4.9450-4.9550	2.1140-2.1160	Switzerland	3.79-3.82
Sth. African Rand	1.8090-1.8105	0.7725-0.7730	United States	2.335-2.344
U.A.E. Dirham	8.63-8.69	3.7010-3.7030	Yugoslavia	52½-57

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU June 23	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.2911	+1.26	+0.47	±1.53
Danish Krone	7.72336	7.80673	+1.08	+0.29	±1.64
German D-Mark	2.48208	2.51628	+1.38	+0.59	±1.125
French Franc	5.84700	5.84187	−0.09	−0.88	±1.3557
Dutch Guilder	2.74362	2.75850	+0.54	−0.25	±1.512
Irish Punt	0.668201	0.672256	+0.61	−0.18	±1.668
Italian Lira	1157.79	1189.75	+2.76	+2.48	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

June 23	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.342	4.138	506.0	9.610	3.825	4.538	1956.	2.692	66.27
U.S. Dollar	0.427	1.	1.767	216.1	4.103	1.633	1.937	835.2	1.149	28.30
Deutschemark	0.242	0.566	1.	122.3	2.323	0.924	1.097	472.7	0.651	16.02
Japanese Yen 1,000	1.976	4.628	8.177	1000.	18.99	7.559	8.967	3865.	5.320	131.0
French Franc 10	1.041	2.437	4.305	526.5	10.	3.980	4.722	2035.	2.801	68.96
Swiss Franc	0.261	0.612	1.082	132.3	2.512	1.	1.186	511.4	0.704	17.33
Dutch Guilder	0.220	0.516	0.912	111.5	2.118	0.843	1.	431.1	0.593	14.60
Italian Lira 1,000	0.511	1.197	2.115	258.7	4.913	1.956	2.320	1000.	1.376	33.88
Canadian Dollar	0.372	0.870	1.537	188.0	3.570	1.421	1.686	726.7	1.	24.62
Belgian Franc 100	1.509	3.534	6.245	763.5	14.50	5.772	6.847	2952.	4.062	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JUNE 23)

3 month U.S. dollars		6 month U.S. dollars	
bid 9 3/16	offer 9 5/16	bid 9 5/16	offer 9 7/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

June 23	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	18⅝-18⅞	8¾-9	14-15	10⅝-10⅞	1-1¼	9⅜-9½	12½-12⅞	15-17	9⅛-9¼	12½-13
7 days' notice	18¼-18⅛	8⅞-9⅛	14-15	10⅝-10⅞	5½-6	9 5/16-9 7/16	12½-12⅞	15-18	9 1/16-9 3/16	14¾-15¾
Month	17¾-18	9 1/16-9 5/16	12⅝-13	10½-10¾	5 11/16-5 13/16	9⅜-9 9/16	12 5/16-12 9/16	17½-19	9 3/16-9 5/16	13¼-13½
Three months	16⅞-17⅛	9 1/16-9 5/16	11¼-11⅝	10⅜-10⅝	5⅝-5¾	9 1/16-9 3/16	12 5/16-12 9/16	18-19	9⅛-9¼	11¾-11⅞
Six months	15½-15¾	9 1/16-9 5/16	10⅝-11	10⅛-10⅜	5 7/16-5 9/16	8 11/16-8¾	12 5/16-12 9/16	18-19	9 1/16-9 3/16	10½-10⅝
One Year	14-14¼	9⅛-9⅜	10⅛-10⅜	10-10¼	5-5⅛	8 11/16-8⅞	12 7/16-12 11/16	17¾-18¾	9 1/16-9 3/16	9⅛-9¼

Long-term Eurodollar two years 10¼-10½ per cent; three years 10½-10¾ per cent; four years 10⅝-10⅞ per cent; five years 10¾-11 per cent: nominal closing rate. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 8.70-8.80 per cent; three-months 8.70-8.80 per cent; six-months 8.55-8.65 per cent; one year 8.75-8.85 per cent.

INTERNATIONAL MONEY MARKET

Europe rates ease

Speculation increased yesterday that the Belgian National Bank may cut its bank rate from the present level of 14 per cent in the near future. The authorities remain cautious that any early reduction could return pressure to the Belgian franc, but might be encouraged to make a small cut by the decision of the Dutch central bank to reduce its bank rate by ½ per cent to 9½ per cent.

Twice last week the Belgian authorities cut interest rates on Treasury certificates, without changing any of its key lending rates. Rates on short-term certificates were reduced again yesterday, with one-month falling ½ per cent to 14½ per cent; two-month ½ per cent to 14½ per cent; and three-month ¼ per cent to 14 per cent.

Following the reduction in the Netherlands bank rate on Friday, the official Dutch call money rate fell to 10½ per cent from 10¾ per cent yesterday. In the money market call funds traded around 10½-10¾ per cent, compared with 10¾-11¼ per cent on Friday. Dutch monetary reserves rose to Fl 30.56bn in April from Fl 28.02bn in March, and Fl 25.78bn in April last year. The guilder has been one of the stronger members of the European monetary system recently, and was only slightly below the top currency, the French franc, yesterday.

UK MONEY MARKET

Exceptional help

Bank of England Minimum Lending Rate 17 per cent (since November 15, 1979)

Day-to-day credit was in short supply in the London money market yesterday, and the authorities gave exceptionally large support. They bought a large amount of Treasury bills from the discount houses and banks; a moderate number of local authority bills from the houses, some for resale at a fixed future date; and a large amount of eligible bank bills, all for resale at fixed future dates. The Bank of England completed the assistance by lending a small amount to one or two houses, overnight at Minimum Lending Rate.

Banks brought forward moderate surplus balances, but this was outweighed by the repayment of the exceptionally large sum borrowed on Friday; a moderate excess of revenue payments to the Exchequer over Government disbursements; and a small net take-up of Treasury bills.

GOLD

Quiet trading

Gold closed at $595-598 an ounce in the London bullion market yesterday, a fall of $7 from Friday. Trading was extremely quiet, with very little movement and very little trading. The metal opened at $595-598, and this represented the range for the day, with prices showing little reaction to the opening of New York markets later in the day.

In Paris the 12½ kilo bar was fixed at FFr 79,250 per kilo ($601.06 per ounce) compared with FFr 79,700 ($604.24) in the morning and FFr 80,000 ($605.33) on Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 33,940 per kilo ($598.02 per ounce) against DM 34,470 ($605.98) previously, and closed at $595-598, compared with $602-605.

In Zurich gold finished at $595-$598 against $601-604 on Friday.

	June 23		June 20	
Gold Bullion (fine ounce)				
Close	$595-598	(£254¼-254¾)	$602-605	(£257¼-258¼)
Opening	$595-598	(£254-255½)	$604-607	(£259-260½)
Morning fixing	$598	(£254.679)	$603.75	(£258.587)
Afternoon fixing	$595.50	(£254.597)	$602.90	(£257.705)
Gold Coins				
Krugerrand	$617-620	(£263¾-265¼)	$621-624	(£265½-267)
Mapleleaf	$615-618	(£263-265)	$620-623	(£265-267)
New Sovereigns	$151½-152½	(£64¾-65¼)	$152¾-153¾	(£65¼-66¼)
King Sovs	$175-177	(£74¾-75¾)	$177-179	(£75½-76½)
Victoria Sovs	$175-177	(£74¾-75¾)	$177-179	(£75½-76½)
French 20s	$155-158		$155-158	
50 pesos Mexico	$740-745		$747-750	
100 Cor. Austria	$588-593		$595-600	
$20 Eagles	$702-705		$698-701	
$10 Eagles	—		—	
$5 Eagles	—			

LONDON MONEY RATES

June 23 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	14-18¾	—	—	—	—	14-17	—	—	—
2 days notice	—	—	17⅝-18	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	17¾-18¼	17½-18	—	18½	18¼	16¾-17	—	—	—
One month	17¾-17 9/16	17⅝-17¾	17½-17⅝	18¼-18⅝	18	18	16¾	15 13/16-15 25/32	17 1/16-17 11/32	18
Two months	17 1/16-17	17 1/16-17⅜	—	18-18½	17½	—	16⅝	15 23/32-15 11/16	16 13/16	17½
Three months	16 11/16-16 9/16	16 13/16-17 1/16	16⅜-16¼	16⅞-17⅜	17¼	17½	16⅛	15 9/16-15¼	16 7/16-16¼	16¾
Six months	16⅛-15 15/16	15⅝-15⅝	15¾-15⅛	15⅛-15⅝	15⅞	16¼	—	—	14½	15⅝
Nine months	14 13/16-14⅛	14⅝-14⅝	—	15⅛-15½	14⅞	15¾	—	—	—	—
One Year	14-13 15/16	14 1/16-14⅝	13⅞-14⅛	14⅛-14½	14½	15⅛	—	—	—	—
Two years	—	—	13¾-13⅞	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rate nominally three years 13¾-14 per cent; four years 13¾-14 per cent; five years 13¾-14 per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 15⅝ per cent; four-month trade bills 16¼ per cent.

Approximate selling rate for one-month Treasury bills 15 25/32-15 13/32 per cent; two-months 15 7/16-15 13/32 per cent; three-months 15 23/32 per cent. Approximate selling rates for one-month bank bills 17 5/16-17 7/32 per cent; two-months 16 23/32 per cent; three-months 16 1/32-16⅛ per cent; one-month trade bills 17⅝ per cent; two-months 17⅛ per cent; and three-months 16½ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 17½ per cent from June 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 15.7338 per cent.

MONEY RATES

NEW YORK	
Prime Rate	11½-12
Fed. Funds	9¼-9¾
Treasury Bills (13-week)	6.87
Treasury Bills (26-week)	6.95
GERMANY	
Discount Rate	7.5
Overnight Rate	9.95
One month	9.975
Three months	9.80
Six months	9.275
FRANCE	
Discount Rate	9.5
Overnight Rate	12.5
One month	12.4375
Three months	12.4375
Six months	12.0625
JAPAN	
Discount Rate	9.0
Call (Unconditional)	12.4375
Bills Discount (three-month)	13.3125

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on June 23, 1980. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rate; (cm) commercial rate; (ch) convertible rate; (fn) financial rates; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE	LOCAL UNIT	VALUE OF £ STERLING
Afghanistan	Afghani	101.50
Albania	Lek	10.15
Algeria	Dinar	8.9680
Andorra	French Franc	9.61
	Spanish Peseta	164.10
Angola	Kwanza	66.232
Antigua (S)	E. Caribbean $	6.324
Argentina	Ar. Peso Free Rate	4,317
Australia (S)	Australian $	2.0215
Austria	Schilling	29.405
Azores	Portug. Escudo	114.55
Bahamas (S)	Ba. Dollar	2.3420
Bahrain (S)	Dinar	0.878
Balearic Isles	Spa. Peseta	164.10
Bangladesh (S)	Taka	34.52
Barbados (S)	Babados $††	4.6840
Belgium	B. Franc	(cm) 66.27
		(fn) 66.65
Belize	B $	4.6840
Benin	C.F.A. Franc	480.5
Bermuda (S)	Bda $	2.3420
Bhutan	Indian Rupee	18.32
Bolivia	Bolivian Peso	58.5
Botswana (S)	Pula	1.8235
Brazil	Cruzeiro ‡‡	120.61
Brit. Virgin Isles (S)	U.S. $	2.3420
Brunei (S)	Brunei $	4.9550
Bulgaria	Lev	1.9590
Burma	Kyat	15.75
Burundi	Burundi Franc	210.325
Cameroon Republic	C.F.A. Franc	480.5
Canada	Canadian $	2.6917
Canary Islands	Spanish Peseta	164.10
Cape Verde Isle	Cape V. Escudo	85.45
Cayman Islands (S)	Cay. Is. $	1.9515
Cent. Af. Repub.	C.F.A. Franc	480.5
Chad	C.F.A. Franc	480.5
Chile	C. Peso	(Bk) 91.25
China	Renminbi Yuan	3.4098
Colombia	C. Peso	(F) 110.15
Comoro Islands	C.F.A. Franc	480.5
Congo (Brazzaville)	C.F.A. Franc	480.5
Costa Rica	Colon	20.15
Cuba	Cuban Peso	1.5992
Cyprus (S)	Cyprus £	0.810
Czechoslovakia	Koruna	(com) 12.20
		n/c 24.28
		(T) 20.48
Denmark	Danish Krone	12.84
Djibouti	Fr.	400 (sc)
Dominica (S)	E. Caribbean $	6.324
Dominican Repub.	Dominican Peso	2.3420
Ecuador	Sucre	(O) 58.67
		(F) 63.68
Egypt	Egyptian £	(U) 1.64
Equatorial Guinea	Peseta	164.10
Ethiopia	Ethiopian Birr	(P) 4.7850
Falkland Islands (S)	Falkland Is. £	1.0
Faroe Islands	Danish Krone	12.84
Fiji Islands	Fiji $	1.8855
Finland	Markka	8.5170
France	French Franc	9.61
French C'tyIn Af*	C.F.A. Franc	480.5
French Guiana	Local Franc	9.61
French Pacific Is.	C.F.P. Franc	171 (sc)
Gabon	C.F.A. Franc	480.5
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	4.1375
Germany (West)	Deutsche Mark	4.1375
Ghana (S)	Cedi	6.43
Gibraltar (K)	Gibraltar £	1.0
Greece	Drachma	101.007
Greenland	Danish Kroner	12.84
Grenada (S)	E. Caribbean $	6.324
Guadeloupe	Local Franc	9.61
Guam	U.S. $	2.3420
Guatemala	Quetzal	2.3420
Guinea Republic	Sily	43.70
Guinea Bissau	Peso	77.85
Guyana (S)	Guyanese $	5.9720
Haiti	Gourd	11.70
Honduras Repub.	Lempira	4.70
Hong Kong (S)	H.K. $	11.4925
Hungary	Forint	(com) 74.5518
		(T)(nc) 52.00
Iceland (S)	I. Krona	1,066.5
India (S)	Ind. Rupee	18.32
Indonesia	Rupiah	1,462.5
Iran	Rial	n/a
Iraq	Iraq Dinar	0.6886
Irish Republic (K)	Irish £	1.1027
Israel	Shekel	11.375
Italy	Lira	1,956.0
Ivory Coast	C.F.A. Franc	480.5
Jamaica (S)	Jamaica Dollar	4.1770
Japan	Yen	506.0
Jordan (S)	Jordan Dinar	0.683 (sg)
Kampuchea	Riel	2,810.4
Kenya (S)	Kenya Shilling	16.975
Kiribati	Australian $	2.0215
Korea (Nth)	Won	1.9875 (ll)
Korea (Sth)	Won	1,401.51
Kuwait	Kuwait Dinar	0.624
Laos	Kip Pot Po	936.0
Lebanon	Lebanese £	8.0090
Lesotho	Loti	1.80975
Liberia	Liberian $	2.3420
Libya	Libyan Dinar	0.6935
Liechtenstein	Swiss Franc	3.825
Luxembourg	Lux Franc	66.27
Macao	Pataca	12.40
Madeira	Portug'se Escudo	114.55
Malagasy Republic	MG Franc	480.5
Malawi (S)	Kwacha	1.86
Malaysia (S)	Ringgit	5.0050
Maldive Islands (S)	Mal Rupee	9.195
Mali Republic	Mali Franc	961.0
Malta (S)	Maltese £	0.796
Martinique	Local Franc	9.61
Mauritania	Ouguiya	95.10
Mauritius (S)	M. Rupee	17.70
Mexico	Mexican Peso	53.55
Miquelon	C.F.A. Franc	480.5
Monaco	French Franc	9.61
Mongolia	Tugrik	(o) 6.185 (ll)
Montserrat	E. Caribbean $	6.324
Morocco	Dirham	8.84 (sg)
Mozambique	Metical	66.50
Nauru	Australian Dollar	2.0215
Nepal	Nepalese Rupee	28.10
Netherlands	Guilder	4.5375
Netherland Antilles	Antillian Guilder	4.1920
New Hebrides	Franc	150 (sg)
	Aust. Dollar	2.0215
New Zealand (S)	N. Z. Dollar	2.3660
Nicaragua	Cordoba	23.40
Niger Republic	C. F. A. Franc	480.5
Nigeria (S)	Naira	1.270648 (sg)
Norway	Norway Krone	11.355
Oman Sultate of (S)	Rial Omani	0.808
Pakistan	Pakistan Rupee	23.00
Panama	Balboa	2.3420
Papua N. Guinea (S)	Kina	1.5420
Paraguay	Guarani	294.84
Peru	Sol	exc (A) 682.34
Philippines	Philippine Peso	17.00
Pitcairn Islands (S)	£ Sterling	—
	New Zealand $	2.3660
Poland	Zloty	(Cm) 71.19
		(T) 71.19
Portugal	Portugu'se Escudo	114.55
Port Timor	Timor Escudo	114.55
Puerto Rico	U.S. $	2.3420
Qatar (S)	Qatar Ryal	8.49
Reunion Ile de la	French Franc	9.61
Romania	Leu	(Cm) 10.46
		(n/c) T26.13
Rwanda	Rwanda Franc	218.48
St. Christopher (S)	E. Caribbean $	6.324
St. Helena	St. Helena £	1.0
S. Lucia	E. Caribbean $	6.324
St. Pierre	Local Franc	9.61
S. Vincent (S)	E. Caribbean $	6.324
Salvador El	Colon	5.85
Samoa American	U.S. $	2.3420
San Marino	Italian Lira	1,956.0
Sao To'e&Principe	Dobra	80.10
Saudi Arabia	Ryal	7.79
Senegal	C.F.A. Franc	480.5
Seychelles	S. Rupee	14.50 (sg)
Sierra Leone (S)	Leone	2.4392
Singapore (S)	Singapore $	4.9550
Solomon Islands (S)	Solomon Is. $	1.9040
Somali Republic	Somali Shilling	(A) 14.10
South Africa (S)	Rand	1.80975
South West African Territories (S)	S. A. Rand	1.80975
Spain	Peseta	164.10
Spanish ports in North Africa	Peseta	164.10
Sri Lanka (S)	S. L. Rupee	37.10
Sudan Republic	Sudan £ (1)	1.17
Sudan Republic	Sudan £ (2)	1.87
Surinam	S. Guilder	4.1820
Swaziland (S)	Lilangeni	1.80975
Sweden	S. Krona	9.74875
Switzerland	Swiss Franc	3.825
Syria	Syria £	(A) 9.1875
Taiwan	New Taiwan	(P) 84.30
Tanzania (S)	Tan. Shilling	19.00
Thailand	Baht	47.50
Togo Republic	C.F.A. Franc	480.5
Tonga Islands (S)	Pa'anga	2.0215
Trinidad (S)	Trinidad & Tob. $	5.6210
Tunisia	Tunisian Dinar	0.925 (SG)
Turkey	Turkish Lira	181.94
Turks & Caicos	U.S. $	2.3420
Tuvalu	Australian $	2.0215
Uganda (S)	Uganda (S)	16.95
United States	U.S. Dollar	2.3420
Uruguay	Uruguay Peso	(cm) 20.90
		(fn) 20.91
Utd. Arab Emirates	U.A.E. Dirham	8.66
U.S.S.R.	Rouble	1.5250
Upper Volta	C.F.A. Franc	480.5
Vatican	Italian Lira	1,956.0
Venezuela	Bolivar	10.05
Vietnam	Dong	(O) 5.1010
		(T) 4.8655 (‡)
Virgin Islands U.S.	U.S. Dollar	2.3420
Western Samoa	S. Samoan Tala	2.1145
Yemen (Nth)	Ryal	10.55 (SG)
Yemen (Sth)	S. Yemen Dinar	(A) 0.7990
Yugoslavia	New Y Dinar	64.0748
Zaire Republic	Zaire	6.736163
Zambia	Kwacha	1.81
Zimbabwe	Zimbabwe $	1.4850

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 98.35. ** Rate is the transfer market (controlled). †† Rate is now based on 2 Barbados $ to the dollar. ‡‡ Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt, and who are not members of IMF. (||) Based on gross rates against Russian rouble. (1) Official rate for exports and imports. (2) Parallel rate for all transactions except specified exports and imports.

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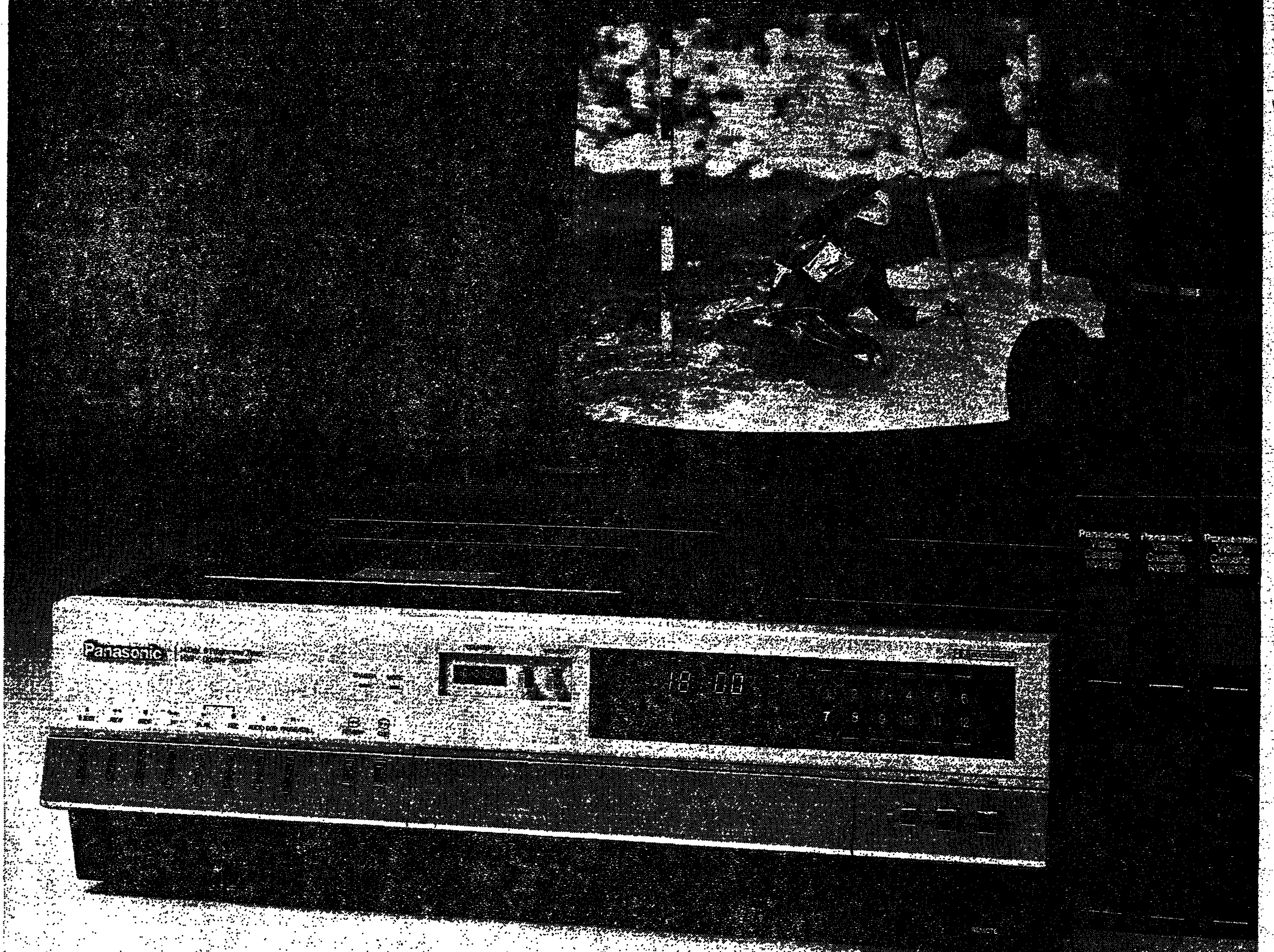

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In fact, this is the smartest, most sophisticated video recorder we've ever offered for your home.

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WORLD STOCK MARKETS

Firm early Wall St. tendency

A FURTHER CUT in Prime Rate injected some new life into the Wall Street stock market early yesterday, with prices tending to gain ground in active trading.

The Dow Jones Industrial Average was 4.18 higher at 873.89 at 2 pm, while the NYSE All Common Index put on 29 cents to $65.49 and gains led declines by a seven-to-five margin. Turnover amounted to 27.07m shares at 2 pm.

Morgan Guaranty Trust cut its Prime Rate to 11½ per cent from 12 yesterday morning. On Friday, the 12 per cent rate became industry-wide. Additionally, Southwest Bank of St. Louis reduced its rate to 11 per cent from 12.

Analysts said the continuing slide in interest rates is making equities relatively more attractive than debt. They also noted that institutions continue to experience an influx of cash from expiring short-term debt securities and are moving the cash into stocks.

Volume leader City Investing added ¼ at $28. Trading included a block of 250,000 shares. Tamco Enterprises last week bought 3m City Investing shares and plans to make an offer for the company's assets. City previously rejected a bid for the assets valued at $30 a share.

McIntyre Mines fell 12½ to $65 after a late start. Superior Oil is to acquire the balance of McIntyre in an exchange of Preferred stock for McIntyre shares. Superior rose $3 to $163.

Oils were firm. Active Mobil gained 1½ to $73½.

THE AMERICAN SE Market Value Index put on 1.78 to 286.90 at 2 pm. Volume 2.74m shares.

Canada

Stocks made a mixed showing at mid-day yesterday after fairly busy trading. The Toronto Composite Index shed 1.3 to 2,019.5 at noon, while Golds declined 15.5 to 3,832.4, but Oil and Gas gained 20.4 to 4,549.1 and Metals and Minerals 5.7 to 1,843.2. In Montreal, Banks receded 5.08 to 354.34.

Tokyo

The overwhelming General Election victory by Japan's ruling Liberal Democratic Party (LDP) produced a widespread advance in stock prices in fairly active trading, although the market closed below the day's best.

Buying spread over most sections on belief that the LDP victory would work favourably for Japanese political and economic stability.

The Nikkei-Dow Jones Average, after rising to 6,888.57 at the morning close, finished 47.04 higher on the day at 6,860.89. The Tokyo SE index gained 3.54 at 473.55, while rises on the First Market section outpaced declines by 507 to 163. Volume 300m shares (230m).

Export-orientated issues led the advance, with investors anticipating increased foreign buying after the LDP victory. Sony rose Y80 to Y2,300, TDK Electronics Y40 to Y2,290, Pioneer Y40 to Y2,030, Ricoh Y18 to Y589 and Matsushita Electric Y7 to Y696.

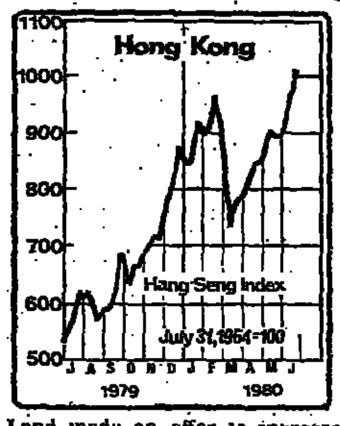
However, Oils were a weak sector on profit-taking, while Isuzu Motor, which reported poor first-half business results, receded Y8 to Y229.

Hong Kong

News of a partial counter-offer of HK$105 cash per share for Hong Kong and Kowloon Wharf shares from Hong Kong businessman Sir Y. K. Pao sent the stock market sharply higher over a broad front at the outset yesterday.

Profit-taking subsequently trimmed the gains, but the Hang Seng index, after forging ahead some 60 to 70 points more, finished still a substantial 24.05 up on the day at 1,012.01, its highest closing level since ending at 1,027.02 on April 17, 1973. Trading was extremely heavy, turnover on the four exchanges swelling to HK$491.08m from last Friday's HK$275.16m.

The profit-taking was prompted by news later in the morning that Sir Y. K. Pao and his family had succeeded in raising their stake in HK Wharf to 49 per cent. Last Friday, Hongkong



Land made an offer to increase its stake in HK Wharf to 49 per cent from 21 per cent. However, renewed speculative and strong overseas buying interest was pushing prices generally higher again towards the close.

Hongkong Land rose 80 cents to HK$12.80, Jardine Matheson 90 cents to HK$17.30, Hutchison Whampoa 35 cents to HK$9.15, Cheung Kong 50 cents to HK$15.00 and Swire Properties 35 cents to HK$8.55. HK Hotels advanced 25 cents to HK$34.75, HK Bank 30 cents to HK$15.80 and Swire Pacific "A" 25 cents to HK$8.15.

HK Wharf shares, which were suspended on Friday and are scheduled to be relisted today, last traded at HK$77.00, and the warrants at HK$345.00.

Australia

Markets remained in firm fettle, with energy stocks and those associated with British Petroleum's proposed take-over of Selection Trust featuring strongly.

Overseas demand pushed most major Shale Oil issues to new record levels. Greenvale advanced 85 cents to A$2.95 and Central Pacific A$3.50 to A$68.50.

CSR, which has extensive shale oil interests at Julia Creek in Queensland, moved ahead 20 cents to A$5.94.

Selection Trust offshoot, Seltrust, finished 20 cents higher at A$4.00, while Western Mining, in which Selection Trust has a 4.5 per cent interest, climbed 22 cents to A$5.20.

MIM, in partnership with Seltrust at the Agnew nickel mine in Western Australia and at the Teutonic Bore copper-lead-zinc deposit, rose ten cents to A$4.60.

Demand for Cooper Basin Oils following a 13 per cent price rise left Santos 70 cents up at A$14.40.

Germany

Spurred on by further foreign buying, shares mostly advanced in active dealings, lifting the Commerzbank index 7.6 to 731.2.

Banks and Stores posted the broadest gains. Bayerische Hypothekenbank and Bayerische Vereinsbank rose DM 5.00 apiece, while Karstadt led Stores with a gain of DM 4.00.

Johannesburg

Gold shares closed lower after quiet trading, reflecting the decline in the Bullion price.

Mining Financials were mixed to lower, with Amgold off R1.25 at R94.50. Coppers and Platinums were narrowly mixed. Industrials were inclined to improve in light dealings, Barlow Rand adding 20 cents at R10.00.

Closing prices for North America were not available for this edition.

JOBS COLUMN, APPOINTMENTS

Dearth of engineers in them thar plains

BY MICHAEL DIXON

AMONG THOSE who suspect that today's rising generations lack the spirit of their great-grandparents, is Tony Reeves, the managing director of Overseas Recruitment Services.

It is, after all, but 84 years since the mere hope of finding gold had people jumping up and down with impatience to get to the frozen wastes of the far North West of Canada. And when, with the day's vain panning done, they found the long cold nights hanging heavy on their hands, did they sit about complaining about the shortage of organised leisure facilities? Not a bit of it. They cheerfully occupied themselves with shooting Dan McGrews and taking out contracts to bury the body of Blasphemous Bill McKays and other improvised entertainments, not all of which were at the expense of Scotsmen.

By contrast, the life offered by the jobs Mr. Reeves is handling on behalf of the Aquitaine energy group, is a definite doddle.

For one thing, they hold out not the slender hope of finding, but the certainty of producing oil, gas or coal. For another, the jobs are located more than 1,000 miles to the south-east of the Klondike, in Alberta Province. The climate there "is on the whole healthful and invigorating," according to my encyclopedia, even though the Chinook wind which is apt to raise the temperature somewhat suddenly by 30 degrees or so, "is not entirely beneficial."

In fact, the company's base is at Calgary where tourists flock every year to see the famous Stampede. But there seems to be quite the reverse of a stampede to work there — certainly by the qualified and experienced oil-, gas- and coal-production engineers now "desperately" wanted by Aquitaine.

As a "medium-sized company riding the current Canadian oil-boom," says Tony Reeves, his client can offer good prospects of promotion to such specialists as might feel themselves stuck in the hierarchy of a big group producting in the North Sea or the desert.

The salary range is Canadian $30,000 to $50,000. Other benefits include help with house-purchase and full payment of costs of relocation.

Inquiries to Tony Reeves at 37 Golden Square, London W1R 4AL; telephone 01-439 9481.

Car venture

ECONOMIC conditions could have been kinder to De Lorean Motor Cars whose new Dunmurry works, near Belfast, is soon to produce its first vehicle: the 120 mph DMC-12 sports car, initially for the U.S. market at a price of almost $20,000. For one thing, the effect of inflation on setting-up costs has caused the company to ask the UK Government to increase the £56m already accorded in grants and loans by roughly another £10m.

But David Adams, the company comptroller, and his colleagues are treating adversity as an opportunity to succeed better. With a view to which, they are seeking several financial types to help not only in getting the DMC-12 on the roads, but also in planning the next product; an advanced saloon model.

Of the two main jobs, one is for a corporate planner with qualifications and experience in the use of computer-based techniques of analysing and assessing business possibilities, and of developing short- and long-range plans. The second is for a cost accountant, either qualified and familiar with the manufacture of consumer products or unqualified and deeply versed in the automotive industry.

No salaries are quoted, but I estimate that these two recruits would be offered around £13,000 with a car among the perks.

There are also openings, at salaries I would guess at £8,000 or a bit more, for a senior financial analyst with experience of central finance in a big corporation, and for an investment analyst with first-hand knowledge of major capital projects.

Inquiries in each case to Mr. Adams at Dunmurry Industrial Estate, Dunmurry, Co. Antrim, Northern Ireland BT17 9JJ; tel. Belfast (0232) 611177, telex 748060.

Quality what?

ALMOST EVERY week by telephone puts me in touch with several people who clearly no more intended to speak to me than I did to them. So I could well believe recruitment consultant Geoffrey King when he told me the other day that quality-control measures such as product-inspection are now regarded as *passé* by the manufacturers of telecommunications and other equipment based on electronics.

What was harder to understand was Mr. King's further claim that such outdated measures are being replaced by something called "quality assurance." And my first thought was that this must be a process resembling life assurance, in the sense that it does not so much assure us of quality as help us to feel less distressed about the inevitable loss of it.

But no, Geoffrey King went on to assure me that quality assurance is now respected as a "key function" in high-technology manufacturing, its purpose being to "influence" all ranks into ensuring that from the outset, the requisite quality is built into both the complex hardware and associated software which the organisation is producing.

Quite how the function thus functions proved too complex for me to grasp. But it was urged upon me strongly, first that there do exist several expert functionaries of the type described even though it is obvious that none has come within 100 miles of any telecommunications equipment I handle and second that some of them must read this column.

If so, Mr. King would like to hear from any who have successfully done this type of work, covering software as well as hardware and spanning several different divisions, in computer manufacture, electronics, avionics, aerospace or semi-conductors. Candidates must also have demonstrably high analytical ability and be consummate influencers, especially of people high in the hierarchy.

Whoever joins his unnamed client as manager, quality assurance will be based in Greater London and have a small headquarters team in support.

The salary indicator is £20,000. Perks include a car.

Inquiries to Geoffrey King at 1a Rose Crescent, Cambridge CB2 3LL; tel. 0223 311316. He will not identify any applicant who so requests to the employer until specific permission is given. Nor will the next head-hunter.

Roadworks

HE IS Bernard Baboulène of BLB Consultants, who seeks a manager for the road-surfacing division of a family group based in the Wirral area. Responsible to the deputy chairman, the recruit will head about 24 people including two eight-strong operating teams. Contracts are overwhelmingly for local authorities and government departments and the main task is to see that the work is done with a minimum waste of workers' time and of materials.

Other responsibilities include supervision of quotations, contract documents and so on, helping with budgeting, liaison with research so as to improve working techniques and some plant-hire business.

Candidates should have first-hand knowledge of the management of comparable contract work. Experience in the associated sales and marketing, preferably with appropriate contracts, would be a great advantage. A relevant technical qualification would help, too.

Indicator for earnings—salary plus a stepped commission—is about £15,000. Car among other benefits.

Inquiries to Mr. Baboulène at 10 Richmond Avenue, London SW20 8LA; tel. 01-540 5534, for answering service 01-542 8878.

COMPANY NOTICES

CASSIAR ASBESTOS CORPORATION LIMITED

DIVIDEND NO. 78

NOTICE IS HEREBY GIVEN that a dividend of Twenty-five cents (25c) has been declared payable in Canadian funds on 25th July 1980 to Shareholders of record at the close of business on 11th July 1980.

By Order of the Board.
A. T. KANA,
Vice President and Secretary.
10th June 1980.

URUGUAY 5 PER CENT CONVERSION GOLD LOAN 1905 AND URUGUAY 5 PER CENT PUBLIC WORKS LOAN 1905

ASSENTED BONDS

Williams & Glyn's Bank Limited hereby give notice that they have received instructions from the Banque de Paris et des Pays-Bas SA Paris to pay to the extent of the funds which may be provided for the purpose coupons of the above loans due 1st July 1980, in sterling at the rate of £0.175 per unit coupon. This represents interest at 3½% in accordance with the terms of the offer of the Uruguayan Government dated 3rd January, 1939.

LEGAL NOTICES

IN THE MATTER OF SUNRISE JEWELLERY (REGENTS PARK) LIMITED AND IN THE MATTER OF THE COMPANIES ACT, 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 24th day of July, 1980, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned

LEONARD CYRIL CURTIS, FCA,
of 3/4 Bentinck Street,
London W1A 3BA,

the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 12th day of June, 1980.
L. C. CURTIS, Liquidator.

NOTICE TO CREDITORS TO SEND IN PARTICULARS OF DEBTS OR CLAIMS NAME OF COMPANY DRIPKARN LIMITED (in voluntary liquidation)

NOTICE IS HEREBY GIVEN that the Creditors of the above-named Company are required on or before the 19th day of August 1980 to send in their names and addresses, with particulars of their Debts or Claims, and the names and addresses of their Solicitors (if any), to the undersigned

DAVID KROLL, F.C.A.,
of 40, Highgate West Hill,
London, N.6,

the Liquidator of the said Company, and, if so required by notice in writing by the said Liquidator, are by their Solicitors or personally to come in and prove their said Debts or Claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated 19th June 1980.
DAVID KROLL, Liquidator.

IN THE MATTER OF SMITH'S UNIVERSAL CAR HIRE LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 18th day of July, 1980, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned

PHILIP MONJACK, FCA,
of Messrs. Leonard Curtis & Co.,
3/4 Bentinck Street,
London W1A 3BA

the *Liquidator* of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 6th day of June, 1980.
P. MONJACK, Liquidator.

IN THE MATTER OF ST. HILDA'S DEVELOPMENTS LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the Fifteenth day of July, 1980, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned

DAVID MURRAY NIXON,
of 11/13 Holborn Viaduct,
London, EC1P 1EL,

the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 17th day of June 1980.
D. M. NIXON, A.C.I.S., Liquidator.

JANET COLTON LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 293 of the Companies Act, 1948, that a meeting of the creditors of the above-named Company will be held at the offices of

LEONARD CURTIS & CO.,
situated at
3/4 Bentinck Street,
London W1A 3BA,

on Thursday, the 3rd day of July, 1980, at 12 o'clock mid-day, for the purposes provided for in Sections 294 and 295.

Dated the 16th day of June, 1980.
A. COLTON, Director.

APPOINTMENTS

Chef and Brewer reorganisation

Following the reorganisation of Grand Metropolitan into six divisions, announced last week, re-allocation of responsibilities has taken place on the Board of CHEF AND BREWER. Mr. W. F. Hannon remains chairman of Chef and Brewer until his retirement next year. Mr. A. J. G retirement next year. Mr. A. J. G. Sheppard, chief executive of BARD, will join the Board as deputy chairman. Mr. Hannon relinquishes his position as chief executive to Mr. T. O. Thwaites, the managing director. Mr. C. H. R. Troup, a director and general manager of Chef and Brewer's East Midlands subsidiary, Hamilton Taverns, is appointed to the Board of Chef and Brewer in the new post of commercial director, responsible for corporate planning and marketing, property development, catering, purchasing and public relations departments. He will also become chairman of Tucktonia, a leisure centre operated by Chef and Brewer at Christchurch, Dorset. Mr. D. R. Woodrow, managing director, Clifton Inns, will, in addition to his existing responsibilities for Clifton Inns, become chairman of Falcon Catering Enterprises. Mr. P. Whitehead will be appointed a director and general manager of Hamilton Taverns, in succession to Mr. Troup. All other Board appointments remain unchanged.

★

Mr. Patrick Holden, company secretary, has joined the main Board of the ORIEL FOODS GROUP. Mr. John N. Hardman has become financial director.

★

Mr. L. H. G. Livingstone-Learmonth has been appointed managing director of HAMPTON GOLD MINING AREAS from July 21. He is at present manager of mining operations at Charter Consolidated and a director of a number of Charter Group, associated and other companies.

★

Mr. Ian C. Carr has been elected president of the NATIONAL ASSOCIATION OF BRITISH AND IRISH MILLERS for 1980-81. The new vice-president of the Association is Mr. Bryan C. Read.

★

Mr. Terence Mallinson has been appointed chairman of the BUILDING CENTRE GROUP, succeeding Mr. Michael Collins. Mr. Mallinson is a director of Mallinson-Denny.

★

Mr. Gordon Thompson has been appointed a non-executive director on the Board of WILLIAMS AND JAMES (ENGINEERS). Mr. Thompson was formerly group managing director of Henry Sykes, of London, and he succeeds Mr. James Bambrough, who recently retired as a non-executive director from the Williams and James Board.

Mr. Geoffrey P. Webb, general manager of the ARO CORPORATION (UK), has been appointed managing director.

★

Mr. John Strophair has been appointed marketing and sales director for REDCLIFFE INKS, a subsidiary of Ault and Wiborg Group.

★

C. T. BOWRING AND CO has made the following appointments. Bowring Rose: Mr. J. A. Thomas, chairman, and Mr. H. W. Gunter and Mr. R. W. Sibthorpe, assistant directors. Mathews Mulcahy and Sutherland: Mr. P. Whyte, a director. Bowring Tyson: Mr. L. F. Doherty, a director. Transglobe Underwriting Management: Mr. A. D. Malcolm, a director. Aurora Underwriters: Mr. P. W. Donovan, a director.

★

Mr. Errol Bishop has been appointed managing director of SYSTEMS DESIGNERS LIMITED, in which the National Enterprise Board has a minority interest. He takes over from Mr. Philip Swinstead, who continues as chairman of SDL and Systems Production as well as chairman and managing director of the group holding company, Systems Designers International.

★

Mr. R. A. Francis has been appointed sales director of DLW (BRITAIN).

★

Mr. Jack Edmead is to retire from the Board of COUNTY BANK on June 30. He will be succeeded as head of investment division by Mr. Michael Corlett, a director. Mr. David Gamble has been appointed to the Board of the bank from July 1.

★

Mr. Peter Wood has been appointed deputy treasurer of BARCLAYS BANK INTERNATIONAL from July 1. He was previously treasurer of Barclays Merchant Bank.

★

Mr. V. E. Kilgour is to retire from the Board of ABBEY NATIONAL BUILDING SOCIETY on medical grounds on June 30.

★

Mr. John P. LaWare has become a director of ATLANTIC INTERNATIONAL BANK and chairman of SHAWMUT BANK OF BOSTON NA from June 30. Mr. LaWare, formerly president of Shawmut, succeeds Mr. D. Thomas Trigg in both positions. Mr. William F. Craig, the newly appointed president of Shawmut, has been made an alternate director of Atlantic International from the end of this month.

★

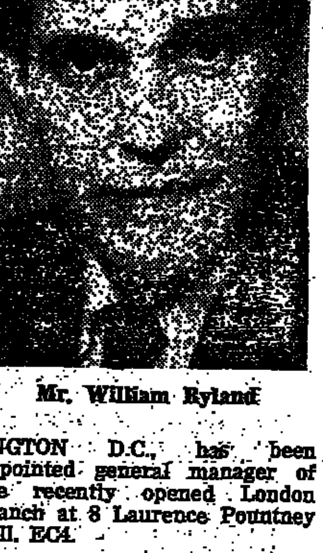
ROYAL INSURANCE states that Mr. I. L. Rushton, deputy general manager for the UK, is being seconded to its U.S. organisation for two years. He is being appointed an executive vice-president of Royal Insurance's U.S. companies and will take up his duties on September 1.

★

Mr. H. A. Hitchcock, until recently a director and deputy group chief executive (international business) of the National Westminster Bank, has joined the Board of DOW BANKING CORPORATION, Zurich.

★

Mr. William H. Ryland, senior vice-president of the RIGGS NATIONAL BANK OF WASHINGTON D.C., has been appointed general manager of the recently opened London branch at 8 Laurence Pountney Hill, EC4.



Mr. William Ryland

★

Mr. David Simpson has been appointed managing director of the transport group within TKM international services division. He will succeed Mr. Richard Hottopf as chairman of the transport group next year when Mr. Hotopf retires. He was previously finance director of the international services division. Mr. Roger Weston has been appointed finance director of TKM's international services division in succession to Mr. Simpson and becomes a member of the divisional Board. He will also be responsible for TKM Business Systems and Training Power, two companies which have been transferred from TKM's automotive division to the international services division. Mr. Gordon Gibson, deputy chairman of Pre-Delivery Inspection Holdings, which Tozer Kemsley and Millbourn acquired last month, has been appointed to the Board of the TKM international services division. Mr. Reginald Keel continues to be a director of the TKM international services division following his retirement from the main Board of Tozer Kemsley and Millbourn (Holdings). He is the chairman of the Insurance Group Board within the international services division and will co-ordinate the activities of the various insurance operations within the TKM group.

BASE LENDING RATES

A.B.N. Bank	17 %	■ Guinness Mahon	17 %
Allied Irish Bank	17 %	Hambros Bank	17 %
American Express Bk.	17 %	■ Hill Samuel	§17 %
Amro Bank	17 %	C. Hoare & Co.	†17 %
Henry Ansbacher	17 %	Hongkong & Shanghai	17 %
A P Bank Ltd.	17 %	Industrial Bk. of Scot.	17½%
■ Arbuthnot Latham	17 %	Keyser Ullmann	17 %
Associates Cap. Corp.	17 %	Knowsley & Co. Ltd.	19 %
Banco de Bilbao	17 %	Langris Trust Ltd.	17 %
Bank of Credit & Cmce.	17 %	Lloyds Bank	17 %
Bank of Cyprus	17 %	Edward Manson & Co.	18 %
Bank of N.S.W.	17 %	Midland Bank	17 %
Banque Belge Ltd.	17 %	■ Samuel Montagu	17 %
Banque du Rhone et de la Tamise S.A.	17½%	■ Morgan Grenfell	17 %
Barclays Bank	17 %	National Westminster	17 %
Bremar Holdings Ltd.	18 %	Norwich General Trust	17 %
Brit. Bank of Mid. East	17 %	P. S. Refson & Co.	17 %
■ Brown Shipley	17 %	Rossminster	17 %
Canada Perm't Trust	18 %	Ryl. Bk. Canada (Ldn.)	17 %
Cayzer Ltd.	17 %	Schlesinger Limited	17 %
Cedar Holdings	17 %	E. S. Schwab	17 %
■ Charterhouse Japhet	17 %	Security Trust Co. Ltd.	18 %
Choulartons	17 %	Standard Chartered	17 %
C. E. Coates	17 %	Trade Dev. Bank	17 %
Consolidated Credits	17 %	Trustee Savings Bank	17 %
Co-operative Bank	*17 %	Twentieth Century Bk.	17 %
Corinthian Secs.	17 %	United Bank of Kuwait	17 %
The Cyprus Popular Bk.	17 %	Whiteaway Laidlaw	17½%
Duncan Lawrie	17 %	Williams & Glyn's	17 %
Eagil Trust	17 %	Wintrust Secs. Ltd.	17 %
E. T. Trust Limited	17 %	Yorkshire Bank	17 %
First Nat. Fin. Corp.	19½%		
First Nat. Secs. Ltd.	19 %		
Robert Fraser	17 %		
Antony Gibbs	17 %		
Greyhound Guaranty	17 %		
Grindlays Bank	‡17 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 15%, 1-month deposits 15¼%.
† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15¼% and over £25,000 15½%.
‡ Call deposits over £1,000 15%.
§ Demand deposits 15%.

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Lead rises on fears of squeeze

By John Edwards, Commodities Editor

LEAD PRICES rose strongly on the London Metal Exchange yesterday, reflecting fears of a squeeze on nearby supplies after reported purchases by the Soviet Union recently.

Cash lead rose by £14.5 to £328 a tonne, while the three-month quotation gained only £8.5 to £332.

The increase came despite a *rise in LME warehouse stocks* of lead, which last week increased by 1,225 to a total of 25,575 tonnes.

Traders said the market had already discounted the stocks increase, and was more affected by a shortage of nearby supplies, particularly of high-grade lead.

There have been persistent reports recently of renewed buying interest from Communist bloc countries, where battery *sales are said to have held up* better than the slump suffered in the U.S. and Western Europe.

Other metal markets were dull. Aluminium stocks in LME warehouses dropped by 5,725 tonnes, reducing total holdings to 17,225 tonnes. But the stocks decline had already been reflected in higher prices last week and consequently there was little reaction yesterday.

Copper stocks fell by 825 to 113,450 tonnes; tin by 70 to 2,115; zinc by 225 to 57,025; and nickel by 330 to 6,312 tonnes. LME silver holdings were also down by 360,000 ounces to 27,690,000 ounces.

New Indian tea tax

By P. C. Mahanti in Calcutta

THE INDIAN tea industry is unhappy that the central budget for 1980-81 has imposed a fresh tax burden. This is a special excise duty on the tea gardens, despite the fact that production costs have already risen sharply.

The duty of 5 per cent is to be levied across the board. But it will mainly hit the Darjeeling gardens where the new levy will take the central excise duty *to a high of Rs 1.375 per kilo.*

The Darjeeling tea gardens have special economic difficulties because of low productivity from old bushes and are badly in need of aid.

Pressure against grain ban builds up in U.S.

BY OUR WASHINGTON AND BRUSSELS STAFFS

PRESSURE is building up in Congress to force the Carter *Administration to abandon its* embargo on grain exports to the Sovits Union.

This follows the move by the U.S. Department of Agriculture last week to permit U.S. companies to resume shipments of non-U.S. grain to Russia.

Two Bills that would effectively rescind the embargo are now before Congress; one in the Senate and one in the House of Representatives, with the House agricultural commitee *due to hold hearings tomorrow.*

Aides for Mr. Thomas R. Harkin, the Iowa Democrat who sponsored the proposed *legislation in the House, said* yesterday that the "phone has been ringing off the hook" with calls from other farm state Congressmen offering to co-sponsor the Bill.

Mr. Harkin and Senator Robert Dole of Kansas introduced the Bills on Friday following the department's decision, despite Administration claims that there was no change in policy.

"In as much as other major *exporting countries have* developed *specific policies* to limit sales of 1980 grain to the Soviet Union," a department spokesman said, "the companies were informed that trade consistent with those countries' policies would be consistent with our general policy of restraining sales to the USSR."

The White House said that the department's decision did *not indicate a "loosening" of* the embargo and that there was no change in Administration policy.

In Brussels, European Commission officials also expressed scepticism over the U.S. Administration's claims that the Agriculture Department's decision did not represent a relaxation of the embargo.

"We much assume, for the moment, that the U.S. intends *to continue the grain embargo,"* one senior official said. "But we will be watching very closely to see how strictly it is observed in deed, as well as in word, before formulating our export policy for next year."

● Mr. Pierre Trudeau, the Canadian Prime Minister, yes*terday assured President Carter* that Canada would continue to support U.S. policy, reports Reuter from Venice.

However, Canadian officials said that Mr. Trudeau did not give a commitment on how long Canada would continue to restrict shipments to "normal and traditional levels."

World wheat output may exceed 1978 record

BY JOHN EDWARDS, COMMODITIES EDITOR

WORLD WHEAT production could be close to, or even exceed, *the 1978 record of 450m* tonnes, *according to the latest* market report issued by the International Wheat Council yesterday.

The council's initial forecast for the world wheat crop is between 440m to 450m tonnes, which compares with 424.3m tonnes in 1979 and a record 450m tonnes in 1978.

But it is emphasised that the projected range does not represent the upper limits of the likely level of output, which will depend on weather condi*tions over the rest of the year.*

Meanwhile, proposals for more flexible type of International Wheat Agreement are *being considered at the council* meeting that started in London yesterday, reports Reuter.

The latest proposal put forward by the council *secretariat suggests there would* be an overall target for reserve stocks to be held off the market, but the agreements would operate with whatever reserves countries are prepared to hold.

Beef export subsidy cancelled

BY MARGARET VAN HATTEM IN BRUSSELS

THE EUROPEAN Commission, in a gesture of solidarity with the U.S., has cancelled EEC subsidies on beef exports to the Soviet Union for the rest of the year.

The cancellation is a semi-automatic consequence of a decision by the Community's foreign ministers last January to support the U.S. embargo on grain sales to the Soviet Union in the wake of the Russian invasion of Afghanistan, by limiting to "traditional" quantities all EEC *farm exports which might com*pete with U.S. exports.

This affects not only cereals, of which the Community normally exports very small quantities to the Soviet Union, but also grain-fed livestock products such as beef, poultry and dairy products.

Non-cereal based products such as sugar, of which the EEC normally exports about 250,000 tonnes to the Soviet Union, are not affected.

The Commission said yesterday that it had granted licences this year for the subsidised *export* of 60,000 tonnes of beef to the Soviet Union. This quantity is considered "traditional."

Any further shipments would therefore not be eligible for export refunds, which are used to top up the difference between world market prices and higher EEC prices.

However, refunds will still be paid on beef exports to other East European countries, which usually outnumber exports to the Soviet Union by a ratio of two to one.

The Foreign Ministers' decision does not affect trade with the other Comecon countries, and Commission officials do not rule out the possibility that these may step up their subsidised imports of EEC beef and other products for resale to the Soviet Union.

However, they say there is *little evidence* yet of such a move and that so far, the Soviet Union appears to be "topping up" its requirements with imports mainly from Latin America.

Coffee again falls sharply

By John Edwards

COFFEE PRICES dropped to new four-month lows yesterday, extending the sudden *collapse that hit the market* on Friday evening.

London robusta futures opened lower in the morning, then rallied before plunging down again.

The September position, for example, reached a high of £1,532 but eventually closed at £1,481.5 a tonne, £60.5 down on Friday's close.

There is general bewilderment at the sudden decline in the market, which comes just before the critical frost danger period in Brazil.

Ironically, the market was buoyed for a period last week by frost fears, before coming under heavy selling pressure.

Traders believe the downward move represents tactical manoeuvring by the producers' Bogota Fund support buying group, which this week is transformed into a new fund, Pan Cafe.

It is thought Pan Cafe, which has much the same membership, might want to start with a "clean" sheet instead of carrying over large loss-making positions

Another explanation is that the producers' group is seeking to flush out speculators, who bought *coffee* in anticipation of possible frost damage to the Brazilian crop, so that it can buy back at lower levels and be in a strong position to support the market.

Commodity fund talks

GENEVA — Delegates from some 100 countries negotiating a $400m buffer stock fund for international commodities have decided to extend their talks this week to complete their work, officials said yesterday.

Regional discussions on the outstanding issues continued in the four-year-old talks under the auspices of the UN Conference for Trade and Development (UNCTAD).

The fund for stocks of up to 18 commodities would also have a $350m second account financed by voluntary contributions for research into non-stocking projects. Reuter

AGRICULTURAL STRATEGY REPORT

Doubts cast on UK farm efficiency

BY LARRY KLINGER

BRITISH FARMERS are not the most efficient in Europe, as is often claimed, according to a special report* published today.

The authors of the report, from the Centre for Agricultural Strategy, Reading University, say that the available evidence indicates that British agriculture does not enjoy the technical superiority over its EEC partners that the UK farming industry often believes it to have.

PRODUCTIVITY RANKING

(Various price systems on basis of net output per £100 of primary inputs)

	At UK prices	At Dutch prices	At French prices
Belgium/Luxembourg	1	1	1
Netherlands	2	2	2
Denmark	3	3	4
UK	4	4	6
France	5	5	3
Ireland	6	6	5
Italy	7	8	7
West Germany	8	7	8

"Indications from an aggregate analysis of the agricultural sector," the authors say, "are that Dutch, Danish and Belgian agriculture apparently realise higher productivity than UK agriculture, as they appear to use less resources to achieve a given output."

However, the report says that *the situation vis-a-vis France* and Italy is ambiguous, that British productivity appears consistently higher than in West Germany and Italy, and concludes that there is a strong economic case for a policy of expanding the British industry.

The report calls for further research in two areas.

● Detailed studies to assess the comparative efficiency of different sectors of the UK *industry relative to the rest of* the EEC.

● Reassessment of British capital investment assistance to establish whether the schemes are *achieving* their *stated* objective of promoting productivity.

The report says that there is some evidence that capital grant schemes may have stimulated investment in farming without having contributed to an increase in productivity.

"Whether a programme of agricultural expansion will appear economically sound in retrospect," the authors say, "may depend to a considerable degree on the appropriateness of the measures used to stimulate increased production."

The report, whose authors stressed that a considerable amount of the data available to them was out-of-date or otherwise limited, came in for some criticism yesterday at the Ministry of Agriculture and qualified support from the National Farmers' Union (NFU).

The Ministry reacted with scepticism, saying that in spite of its title, the report had little to do with efficiency. The subject was immensely complicated and was under study by the National Economic Development Committee for Agriculture, an official said.

The NFU supported the report's call for studies on a commodity-by-commodity basis, saying that they would be desirable in Britain and the rest of the EEC.

The authors of the report were a team of researchers working under Professor J. C. Bowman, director of the Centre for Agricultural Strategy.

* *The Efficiency of British Agriculture, CAS Report 7, £2.85 (post free), Centre for Agricultural Strategy, University of Reading, 2 Earley Gate, Reading, RG8 2AU.*

Foot and mouth epidemic in Portugal

BY JIMMY BURNS IN LISBON

AN OUTBREAK of foot and mouth disease is causing increasing concern among Portuguese Ministry of Agricul*ture officials and the country's* farmers.

In a statement over the weekend, the National Confederation of Portuguese Farmers (CNA) described the outbreak as a "national calamity" and claimed it was now epidemic, affecting animals throughout Portugal.

Foot and mouth was first detected three weeks ago and led to a ban on Portuguese livestock at this year's annual agricultural fair at Santarem.

After a period of official silence, the Portuguese Ministry of Agriculture admitted last *Thursday that over 600 cases* of the disease had been confirmed so far, and that it had instructed the farmers to burn infected animals and to bury their carcases.

There are indications, however, that when the first case was reported, the Ministry was taken by surprise.

Although Portugal had an outbreak of foot and mouth in 1971, stocks of vaccine were almost non existent earlier this month. Portugal is now importing emergency supplies.

Nevertheless, the farmers' confederation has urged the *authorities to speed up distri*bution of the drug and to clamp down on the sale of false vaccine. This is being sold on the black market at hugely inflated prices.

Agricultural officials here claim that the disease may have been introduced to Portugal by cattle smuggled across the Spanish border without veterinary control. The strain is believed to be a variety known as Type C virus.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Easier in quiet trading on the London Metal Exchange. After an *initial rise to £885 in the wake of re*ported eastern demand forward metal tended to drift throughout the day reflecting lack of interest. During the afternoon three months slipped to £876 before closing the late kerb at £875.5. Turnover 17,000 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	855-.5	+1	850.5-1	-5.25
3 months	881.5-2	+5.5	876.5-7	-4.75
Settlem't	855.5	+1	—	......
Cathodes				
Cash			825-7	-4
3 months	828-9	+0.5	855-7	-2
Settlem't	856-.5	+.75	—	......
U.S. Prod	829	......	*88-90	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £855, 55.5, three months £884, 83.5, 84, 83, 82.5, 82. Cathodes, cash £828, three months £857, 58. Kerb: Wirebars, three months £881, 81.5, 82, 82.5, 82. Afternoon: Wirebars, three months £877, 77.5, 78, 76, 77, 76.5. Kerb: Wirebars, three months £877, 78, 76.5, 75.5, 75.

TIN—Barely changed in quiet trading as forward metal fell away from £7,350 on the pre-market to close the day at £7,300, reflecting small-scale hedge selling. Turnover 750 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7400-10	+55	7400-10	+5
3 months	7345-65	+5	7350-80	+10
Settlem't	7410	+55	—	......
Standard				
Cash	7400-10	+40	7400-10	+10
3 months	7310-20	+2.5	7320-30	+5
Settlem't	7410	+40	—	......
Straits E.	‡$2164	+19		......
NewYork	—	......		......

Morning: Standard, cash £7,400, three months £7,330, 20. Kerb: Standard, three months £7,320. Afternoon: Standard, cash £7,390, 7,410, three months £7,350. Kerb: Standard, three months £7,325, 15, 7,300.

LEAD—Gained ground reflecting good demand for cash material which narrowed the contango to around £3.50. The strength of cash metal and rumours of East European interest lifted forward metal from £327 on the early pre-market to £338 in the second ring in the morning. This level attracted profit-taking and hedge selling, however, and three months fell back to close the late kerb at £332. Turnover 9,200 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	327-9	+13.5	328-9	+14.5
3 months	334.5-5.5	+11	331.5-2.5	+8.5
S'ment	329	+14	—	......
U.S. Spot	—	......	*36-40	......

Morning: Cash £322, 30, three months £330, 32, 33, 34, 35, 36, 37, 36, 37, 36, 35. Three months £335, 35.5, 36. Afternoon: Three months £336, 37, 36, 35, 34, 33, 32.5. Kerb: Three *months £334, 33.*

ZINC—Marginally firmer with forward metal edging up to close the late kerb at £308.5, after a day of routine trading. Turnover 4,650 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Cash	297-.5	+3.5	297-8	+2
3 months	308.5-9	+3.5	308.5-9	+2.5
S'ment	297.5	+3.5	—	......
Primw'ts	—	......	*35.5	......

Morning: Cash £298, 97, three months £308, 9, 10, 09, 9.5, 10, 09. Afternoon: Three months £309, 10, 09, 9.5, 9, 8, 9. Kerb: Three months £309, 8.5, 8, 8.5.

ALUMINIUM—Steady in dull trading with forward metal finally £719 on the afternoon kerb. The backwardation widened a shade reflecting the large decline in stocks. Turnover 4,225 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	719-21	+7	722-3	+1
3 months	719-20	+6	718-9	+.5

Morning: Late June £721, three months £719, 18.5, 19, 20. Kerb: Three months £720. Afternoon: Cash £723, three months £719. Kerb: Three months £719, 18.5.

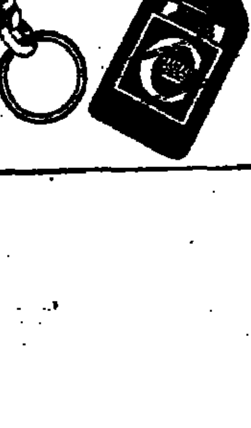
NICKEL—Drifted in subdued trading reflecting the trend in other metals. After opening around £2,775 three *months* dipped to close the late kerb at £2,745. Turnover 198 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	2710-20	-22.5	2685-95	-32.5
3 months	2760-70	-12.5	2750-5	-25

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

Morning: Three months £2,770. Afternoon: Cash £2,690, three months £2,750, 52. Kerb: Three months £2,750, 45.

CORAL INDEX: Close 467-472 (−1)



SILVER

Silver was fixed 12.8p an ounce lower for spot delivery in the London bullion market yesterday at £6.606. U.S. equivalents of the fixing levels were: spot $15.465, down 24.5c; three-month $15.802, down 23.7c; six-month $16.109, down 27.8c; and 12-month $16.835, down 28.6c. The metal opened at £6.60-£6.76 ($15.45-16.75) and closed at £6.60-£6.65 ($15.30-15.60).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	660.60p	-12.8	661.75p	-9.25
3 months	688.10p	-11.8	690.25p	-8.75
6 months	708.30p	-13.7	—	......
12months	750.60p	-14.2	—	......

LME—Turnover 98 (67) lots of 10,000 ounces. Morning: three months 693, 90, 88, 89, 91. Kerbs: untraded. Afternoon: three months 689, 92, 91, 90. Kerbs: three months 688, 86.

COCOA

Again confined within a narrow trading range futures ended the day virtually unchanged to Friday evening levels. Physical cocoa also failed to appeal to either consumers or producers, reports Gill and Duffus.

COCOA	Yesterd'ys Close	+ or —	Business Done
July	1102-05	+1.0	1110-1098
Sep	1118-19	+3.0	1126-14
Dec	1165-66	+6.0	1169-59
March	1204-05	+7.5	1207-1200
May	1228-30	+5.5	1230-22
July	1250-55	+7.5	1245
Sept	1260-85	+2.5	—

Sales: 1,043 (1,898) lots of 10 tonnes.

COFFEE

London opened £49 lower with commission house stop-loss selling prompting new contract lows on July and September where good trade support *was found, reports Drexel Burnham* Lambert. The rest of the morning was steady but, with continuous pressure throughout the afternoon from the commission houses London failed to register a good support level and in very mixed dealings closed at the day's lows.

COFFEE	yesterday's Close	+ or —	Business Done
	£ per tonne		
July	1425-27	-63.0	1468-25
Sept	1481-82	-60.5	1532-80
Nov	1508-09	-56.0	1567-05
January	1523-24	-46.0	1579-25
March	1485-90	-52.5	1525-85
May	1485-90	-35.0	1525-90
July	1490-91	-34.5	—

Sales: 9,419 (6,663) lots of 5 tonnes.

ICA Indicator prices for June 20 (U.S. cents per pound): Other Mild Arabicas 167.00 (176.33). Robustas ICA 1976 139.25 (166.00). ICA 1968 159.50 (166.25). Unwashed Arabicas 206.50 (207.50). Comp. daily ICA 1968 180.08 (184.89).

GRAINS

LONDON GRAIN FUTURES—Grains opened with good commercial support on nearby wheat options. Some slight dip was seen at lunch, but further consumer/commercial buying steadied values to close 30p-40p up on the day. Barley saw very little support and volume was generally thin, values closed weak unchanged to 5p down. Distant options being slightly steadier closed 10p higher on the day, reports Acli.

WHEAT			BARLEY	
M'nth	Yesterday close	+ or —	Yesterday close	+ or —
Sept	95.35	+0.40	91.40	......
Nov	99.20	+0.30	95.25	-0.05
Jan	102.95	+0.25	99.05	-0.05
Mar	106.45	+0.30	102.40	......
May	109.80	+0.30	105.70	+0.10

Business done—Wheat: Sept. 95.35-95.10, Nov. 99.20-99.15, Jan. 102.95-102.90, March 106.40-106.30, May 109.80-109.75. Sales: 167 lots of 100 tonnes. Barley: Sept. 91.55-91.40, Nov. 95.30-95.20, Jan. 99.15-99.05, March 102.50-102.35, May 105.70-105.55. Sales: 38 lots of 100 tonnes.

IMPORTED—Wheat: U.S. Dark Northern Spring No 2 14 *per cent* July 96.00, Aug. 97.25, Sept. 98.25 transhipment east coast sellers. English Feed fob Sept. 99.25, Oct. 101.50 quoted east coast. Maize: French June 120.50, July 120.75. S. African Yellow July/Aug. *80.00 sellers. Rest unquoted.*

HGCA—Locational ex-farm spot prices. Feed barley: Eastern 90.40, E. Midlands 91.80, N. East 93.00, Scotland 91.90. The UK Monetary Co-efficient for the week beginning *Monday June 30 (based on HGCA* calculations using four days exchange rates) is expected to remain unchanged.

WOOL FUTURES

LONDON NEW ZEALAND CROSS-BREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo. Aug. 362, 364, nil, nil: Oct. 362, 363, 364-363, 8: Dec. 363, 365, 364, 9: Jan. 365, 366, 366-365, 6: March 372, 375, 374, 10: May 374, 376, 374, 5: Aug. 374, 378, nil, nil: Oct. 375, 376, nil, nil: Dec. 375, 378, 377-376, 8. Sales 46.

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). July 472.0, 473.0, 474.0-467.0, 92: Oct. 459.0, 459.5, 460.0-454.0, 101: Dec. 462.5, 463.0, 465.0-455.0, 138: Mar. 466.0, 467.0, 467.5-466.0, 10: May 467.0, 467.5, 468.0-465.0, 28: July 469.0, 470.0, 470.0-469.0, 12: Oct. 470.0, 472.0, 471.0-470.0, 15: Dec. 470.0, 470.5, —, —. Sales 396.

BRADFORD WOOL—Traders said prices show little change. The main feature is softness of prices in relation *to fairly firm costs. Present lack of* business is also coupled with a sluggish call for deliveries.

RUBBER

The London physical market opened easier with little interest throughout the day closing on a quiet note. Lewis and Peat reported a Malaysian godown price of 288 (same) cents a kg (buyer, July).

No. 1 R.S.S.	Yest'rdays Close	Previous Close	Business Done
July	58.80-59.00	58.40-58.60	58.20
Aug	60.80-60.10	59.70-59.90	—
Jly-Sept	60.00-60.20	58.70-59.80	60.00-59.40
Oct-Dec	63.40-63.50	65.20-65.30	63.90-63.00
Jan-Mar	66.50-66.60	66.20-66.30	66.80-66.30
Apr-Jne	69.38-69.40	69.00-69.10	69.20
Jly-Sept	72.00-72.10	71.60-71.70	72.00
Oct-Dec	74.50-74.60	74.20-74.30	—
Jan-Mar	76.90-77.00	76.60-76.70	77.00-76.90

Sales: 203 (426) at 15 tonnes, *(same) at 5 tonnes.*

Physical closing prices (buyer) were: Spot 58.00p (same), July 61.50p (61.00p), August 62.50p (62.00p).

SOYABEAN MEAL

The London market opened slightly steadier, reports T. G. Roddick. In quiet trading conditions prices held firm and closed with gains of £1.00 on the day.

	Yest'rday Close	+ or —	Business Done
	£ per tonne		
August	102.20-02.5	+1.10	101.50
October	103.30-03.5	+1.15	102.80
December	106.60-06.9	+1.00	—
February	109.60-09.9	+1.15	109.50
April	112.00-12.5	+1.50	—
June	115.00-14.5	+1.00	—
June	115.60-16.5	......	—

Sales: 4 (126) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £320.00 (£334.00) a tonne cif for June-July-Aug. shipment. White sugar daily price was £342.00 (£347.00).

Scattered sell at best orders caused the market to trade initially some £5.00 below pre-weekend levels. Although the LDP was reduced, selling interest diminished at the lower levels and prices began to lift in quiet trading *conditions. The recovery was assisted* later by higher New York quotations and gains of some £10 were recorded before profit taking pared the gains somewhat at the close, reports C. Czarnikow.

Sugar Pref. Comm. Con.	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
—	—	—	—
Aug	378.25-71.08	374.60-74.50	375.50-66.50
Oct	388.00-88.45	388.50-87.00	380.50-78.00
—	—	—	—

Sales: 3,413 (4,444) lots of 50 tonnes.

NUMBER 4 CONTRACT—Close (in order buyer, seller only). August 363.00, 365.00: Oct. 380.00, 380.50: Jan. *391.00, 392.00: March 400.25, 400.75:* May 394.30, 394.50: August 385.00, 386.50: Oct. 378.00, 380.00. Sales 4,377 (4,972).

Tate and Lyle ex-refinery price for granulated basis white sugar was £324.7 (same) a tonne for home trade and £449.50 (£459.00) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Price for June 20. *Daily price* 33.21 (32.78), *15-day* average 30.45 (30.53).

PRICE CHANGES

In tonnes unless otherwise stated.

	June 23 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1700/1720	+50	$1680/17
Copper			
Cash w'bar	£850.75	-6.25	£901.5
3 mths	£876.75	-4.75	£926.25
Cash Cathode	£826	-4	£882
3 mths	£856	-2	£904
Gold troy oz	$596.5	-7	$514.5
Lead cash	£328.5	+14.5	£383.5
3 mths	£332	+8.5	£329.75
Nickel	£3,248.35	......	£3,335.5
Freemkt(cif (lb	270/300c	......	285/295c
Platin'm tr'y oz	£182.50	......	£169/195
Free mkt	£268.15	-3.65	£235
Quicksil'ver†	$380/390	+5	$385/395
Silver troy oz	660.60p	-12.8	517.90p
3 months	688.10p	-11.8	537.55p
Tin Cash	£7,405	+10	£7,287.5
3 mths	£7,325	+5	£7,245
Tungsten22.04lb	$139.82	......	$142.49
Wolfrm 22.04 lb	$143/146	......	$138/146
Zinc cash	£297.5	+2	£306.25
3 months	£308.75	+2.5	£317.5
Producers	$780	......	$780/825
Oils			
Coconut (Phil)	$604y	......	$660
Groundnut	‡	......	‡
Linseed Crude	£392x	......	£404
Palm Malayan	$562.50w	+5	$595
Seeds			
Copra Philip	$430	......	$425
Soyabean(U.S.)	$265.80z	+1.80	$258.50
Grains			
Barley Futures	£95.25	-0.05	£92
Maize			
French No3AM	‡	......	£117
Wheat			
No. 1 Red Spg.	‡	......	‡
No2HardWint.	‡	......	‡
Eng. Milling†	‡	......	‡
Other commodities			
Cocoa ship't	£1,174	-3	£1,121
Future Sept.	£1,118.5	+3	£1,050.5
Coffee Ft' Sept.	*£1,481.5*	-60.5	*£1,895.5*
Cotton A.Index	83.60c	-0.25	88.15c
Rubber (kilo)	58p	......	56.75p
Sugar (Raw)	£320	-14	£360
Wooltp's 64s kl	291p kilo	......	295pkilo

u July-Aug. s June-July. w Aug. x July. z Indicator. § Buyer. ‡ Per 76-lb flask.

TEA AUCTION

LONDON TEA AUCTION—48,198 packages were offered in yesterday's auction, demand was good. Assams were irregular, often lower. Africans opened dearer and closed irregular with plainer Central Africans easier. Medium Ceylons went firm to dearer, with brighter sorts irregularly dearer. Quotatoins: Quality 149p per kilo (148p): Medium 103p (105p): Plain 71p (71p).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 137 tonnes. Mixed dealings continued with most activity *in American type varieties.* Users were slow to increase their commitments but attached some importance to the supplies of Middle Eastern growths.

POTATOES

Potato futures—Nearby positions eased during the morning session, but commission house buying after lunch saw sellers moving away leaving closing values slightly up, reports Colby and Harper. Closing prices: Nov. £46.10 +0.10 (high 46.00, low 45.30): Feb. £53.60 +0.10 (high 53.60, low 53.00): April £60.20 +0.40 (high 60.20, low 59.60). Turnover 111 lots (53) lots of 40 tonnes each.

★

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shell cod £4.00-£5.00, codlings £2.50-£4.30. Medium haddock £4.40-£4.60, small £2.70-£3.30. Medium plaice £5.60-£6.40. best small £3.50-£5.50. Skinned dogfish (large) £9.60, (medium) £8.00. *Lemon soles (large) £7.50, (medium)* £7.00. Saithe £1.80-£2.00.

AMERICAN MARKETS

NEW YORK, June 23.

THE LIVESTOCK complex finished limit up across the board in reaction to a bullish pig crop report late Friday. Grains and soyabeans benefited from a constructive stock report and very hot *temperatures over the weekend,* finishing sharply higher. Gold and silver retreated moderately on rumours of Soviet withdrawal from Afghanistan. Copper declined slightly as the strike in Montana was settled. Sugar rose moderately on expectations of a lower sugar beet output in Western Europe. Coffee collapsed limit down as no frost materialised in Brazil. Cocoa found trade and technical support at lower *levels and closed with good gains,* reported Heinold.

Copper—June 86.65 (87.65), July 86.80-86.90 (87.85), Aug. 87.60, Sept. 88.30-88.40, Dec. 90.00-90.20, Jan. 90.75, March 92.10, May 93.50, July 94.90, Sept. 96.30, Dec. 98.40, Jan. 9.10, March 100.50.

Potatoes (round whites)—Nov. 75.5-75.9 (75.4), March 93.8-94.7 (92.7), April 110.5-111.2.

Sugar—*No 11 July 33.90-34.10 (33.84),* Sept. (35.50), Oct. 36.50-36.65, Jan. 37.00-37.75, March 38.25-38.40, May 37.35-37.50, July 36.50, Sept. 35.20-35.25, Oct. 35.00.

CHICAGO, June 23.

Lard—Chicago loose 18.00 (same). New York prime steam unavailable.

Chicago Imm Gold—June 601.0 (603.5), July 606.1 (606.5), Sept. 615.5, Oct. 620.0, Dec. 630.0-632.0, Jan. 637.0, March 647.5-648.0, April 653.5.

Live Cattle—Aug. 68.80 (67.30), Oct. 66.92 (65.42), Dec. 68.05-68.05, Jan. 68.65, Feb. 68.92-68.92, April 69.47.

‡‡Maize—July 283-283½ (280¾), Sept. 288½-288¾ (287), Dec. 296¼-296, March 308½-308¾, May 318¼, July 321¾.

Pork Bellies—July 32.90 (30.90), Aug. 32.75-32.75 (30.75), Feb. 50.00, March 50.27, May 51.35, July 51.30, Aug. 50.65.

†Soyabeans—July 646-645 (634½), Aug. 653-654 (642¼), Sept. 661, Nov. 677-678, Jan. 694, March 709½-710, May 723½-724, July 733.

||Soyabean Meal—July 174.4-174.3 (172.6), Aug. 177.6-177.7 (175.7), Sept. 180.6-180.7, Oct. 183.5, Dec. 188.5-188.2, Jan. 190.9-191.0, March 195.5, May 200.5-201.0, July 204.0, Aug. —.

Soyabean Oil — July 22.65-22.62 (22.11), Aug. 22.90-22.92 (22.36), Sept. 23.05-23.10, Oct. 23.30-23.35, Dec. 23.72-23.65, Jan. 23.75-23.80, March 24.20, May 24.50, July 24.65-24.80, Aug. 24.80-24.90.

†Wheat—July 427½-429½ (412½), Sept. 439½-440½ (424¼), Dec. 457-458, March 471½-472, May 476½, July 478½-479½.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. || $ per short ton (2,000 lbs). § $Can. per metric ton. § per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, June 23.

Wheat—U.S. *No Two Red Winter* July $177, Aug. $181, Sept. $186. U.S. *No Two Northern Spring 14 per cent* June $202, July $201.50, Aug. $202.50, Sept. $204.50, Oct. $205.50, Nov. $207.50, Dec. $216. Rest unquoted.

Maize—Spot $145.50, afl $141, June $139, July $138, Aug. $139.50, Sept. $140, Oct./Dec. $145, Jan./March $153, April/June $158.50.

Barley—June $147.25, July $148.75, Aug. $150.

Soyabeans—U.S. Two Yellow Gulfports spot $258.50, afl June $256.50, July $259.50, Aug. $262.75, Sept. $267, Oct./Nov. $271, Dec. $276.50, Jan. $280.50, Feb. $286.25, March $289.25. Argentine June/July $254.75, Aug. $257, Sept. $262.50 sellers.

Soyameal—44 per cent protein afl $212, June $213, July $216, Aug. $220, Sept. $224, Nov./March $238.50. Brazil Pellets afl June $221, July $224, Aug. $228, Sept. $238, Nov./March $250.

PARIS, June 23.

Cocoa (FFr per 100 kilos)—July 1080, Sept. 1077/1080, Dec. 1088/1100, March 1130/1140, May 1140/1170, July 1155. Sales at call 0.

Sugar (FFr per 100 kilos). Aug. 3390/3392, Oct. 3555/3580, Nov. 3530, Dec. 3540/3670, March 3750/3780, May 3770/3815, July 1780, Aug. 3790. Sales at call 21.

INDICES

FINANCIAL TIMES

June 20	Jun 19	M'nth ago	Year ago
264.33	264.08	268.95	300.53

(Base: July 1, 1952=100).

MOODY'S

Jun 20	June 19	M'nth ago	Year ago
1147.5	1140.9	1106.6	1118.2

(December 31, 1931=100)

DOW JONES

Dow Jones	June 20	June 19	Month ago	Year ago
Spot	431.77	429.80	434.63	424.38
F'tur's	442.29	442.54	447.42	436.15

(Average 1924-25-26=100).

REUTERS

June 23	June 20	M'nth ago	Year ago
1670.4	1672.5	1720.8	1637.5

(Base: September 18, 1931=100).

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 65.00 to 70.00; English hindquarters 80.00 to 85.00, forequarters 40.00 to 46.00; Ulster hindquarters 80.00 to 84.00; Eire hindquarters 80.00 to 83.00, forequarters 40.00 to 43.00; Ulster forequarters 40.00 *to 46.00.* Veal: Dutch hinds and ends 99.0 to 102.00. Lamb: English small new season 62.00 to 72.00, medium 64.00 to 68.00. Imported frozen—N.Z. pl 59.50 to 60.50, pm 58.00 to 59.00. Pork: English, under 100 lbs *40.00 to 49.00,* 100-120 lbs 39.00 to 47.50, 120-160 lbs 38.00 to 45.50.

MEAT COMMISSION—Average fatstock prices and representative markets on June 23. GB cattle 61.33p per kg lw (−0.48). UK sheep 151.12p per kg est.dcw (+2.38). GB pigs 6.49p per

COVENT GARDEN—Prices in sterling per package except where otherwise stated: Imported Produce: Oranges—Jaffa: Valencia Lates 2.80-4.00; Moroccan: *54/113s 3.40-4.30;* Cyprus: Valencia Lates 3.60-4.50; Arizona: Valencia Lates 72/113s 3.60-5.00; Outspan: Navels 3.80-4.65. Lemons—Italian: 100/150s 3.00-3.50; Spania: *Trays 25/45s* 1.80-2.00, *boxes* 4.40-5.50. Grapefruit—Outspan: 4.0-4.95. Apples—New Zealand: Sturmer Pippins 8.50-8.60, Granny Smith 9.10; Victorian: King Cole 9.80-10.00; Tasmanian: Sturmer Pippins 8.20-8.40; *S. African:* Golden Delicious 9.50-9.80, Granny Smith 9.00-9.20; Dutch: 22-lb Golden Delicious 2.40; French: 40-lb boxes, Golden Delicious 138/198s 5.80-6.50, 20-lb 2.90-3.20; Italian: Jonathans/Romes 40-lb 6.00-6.20. Pears—S. African: Approx. 35-lb Packhams' 9.00-9.10; Italian: Passacrassane 12-lb 2.00; Victorian: Josephines 11.00, Winter Nelis 9.50-10.00. Peaches—Spanish: Yellow flesh 1.50-3.30; Italian: 2.50-5.50. *Plums—Spanish: Red* 2.30-4.00, Yellow 1.60-2.00. Apricots—Spanish: 3.00-3.50. Strawberries—Per punnet, Italian: 0.10-0.20; American: 0.80. Cherries—Per pound, French: 0.30-0.40; American: 0.80; Lebanese: 0.60; *Italian: 0.35-0.40.* Grapes—Per pound, Californian: Perlette 1.00, Cardinal 0.80; Israeli: 0.75. Melons—Israeli: Galia 4.00; Spanish: Marina 5/6s 2.00-2.40, Ogen 3.50; Israeli: Yellow 4.50-5.05. Water-Melons—Israeli: 5.00; Spanish: 3.60-4.00. Avocados—S. African: 2.50-3.00. Bananas—Jamaican: 28-lb, per pound 0.18. Tomatoes—Dutch: 2.10-2.20; Guernsey: 1.60-2.40; Jersey: 2.00-2.20; Romanian: 1.60; French: 1.70. *Onions—Spanish: 5.40-5.70;* Moroccan: 5.80; Egyptian: 6.25-6.30.

Gloomy economic prediction curbs investment incentive and Gilts react from Friday's enhanced late levels

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
June 16	June 26	June 27	July 7
June 30	July 10	July 11	July 21
July 14	July 24	July 25	Aug. 4

* "New time" dealings may take place from 9 am two business days earlier.

Recent investment enthusiasm was tempered in London stock markets yesterday following the CBI's prediction of the UK sliding deeper into recession and revived doubts about the Government's monetary policy having any major success in reducing the rate of inflation this year.

Of the two main investment areas, Gilt-edged securities opened at the enhanced levels reached late on Friday following news of fresh Government funding totalling £1.6bn and immediately drew renewed support from foreign and local sources. Demand was satisfied without causing much further improvement in prices and the tone then became reactionary.

Loose holders began to take profits and the resultant sales tended to weigh on a market lacking fresh buying interest. This led to a fairly quick decline, despite later news of a U.S. prime rate cut to 11½ per cent, and final losses of around ½ were common to both ends of the sector; in the after-hours' trade, the tone was described as fully steady at the lower levels.

Anticipating a pause for breath after the recent strong advance, dealers in leading equities lowered values at the outset. Routine selling was at first countered, but resistance later faded and most first-line stocks took their cue from the easier trend in British Funds. Closing falls were often small but sufficient to lower the FT 30-share index 2.0 to 469.8; at 11.00 am, it had been virtually unchanged.

The Imperial Group's placing of 4.1m shares in **BAT Industries** at around 270p and raising more than £11m, was a main topic of conversation, while selected Far Eastern issues attracted speculative attention following **Hongkong Land's** declared intention to boost its stake in **Hongkong and Kowloon Wharf**. Business in **Selection Trust** was dominated by heavy profit-taking after the sharp rise at the end of last week on **British Petroleum's** bid approach.

Activity in Traded options contracted sharply, only 693 contracts being completed—the lowest for three weeks. Last week's daily average amounted to 1,541. Only **GEC**, 104 trades, and **BP**, 103, attracted business into three figures.

Recently-issued equities had **Home Farm Products** 4 higher at 89p in a thin market.

Merchant Banks firm

Sentiment in Merchant Banks was still buoyed by the good preliminary results reported by Hambros a week ago. **Hambros** added 6 for a gain of 80 to 503p since the announcement, while **Schroders** firmed 15 to 275p and **Kleinwort Benson** 8 to 184p. **Hill Samuel** added 6 to 120p and **Arbuthnot Latham** 7 to 212p. The major clearing banks drifted marginally lower in thin trading, but Irish Banks met with support, **Bank of Ireland** firming 5 to 300p and **Allied Irish** 2 to 112p. Discounts edged higher in places, **Guinness Peat** adding 4 to 123p.

Insurances failed to hold best levels, but **Hambro Life** firmed 7 to a 1980 peak of 222p and **Legal and General** improved 3 to 190p.

Business in Breweries was much reduced, but the leaders ended a shade better where changed. Wines and Spirits trended easier with the exception of **Amalgamated Distilled Products**, a penny up at 40p.

Leading Buildings edged higher, **Tarmac** improving 3 to 256p and **Taylor Woodrow** firming 8 to 406p. Buying ahead of tomorrow's preliminary results lifted **BPB** 4 to 204p. Elsewhere, **Y. J. Lovell** put on 6 to 146p in a thin market and **F. J. C. Lilley** hardened a penny to 83p, the latter following a favourable Press mention. **Countryside** also added a penny, to 65p, after 66p; the interim results are due on Thursday. **Marshalls (Halifax)** touched 193p before settling a net 10 up at 190p on the increased annual profits and dividend and the proposed 100 per cent scrip issue. In contrast, **Mallinson-Denny**, still reflecting the £10.7m rights issue proposal, lost 2 more to 54½p, while **P. C. Henderson "A"** shed 10 more to 150p on profit-taking.

ICI traded within narrow limits before settling a couple of pence cheaper on balance at 382p. Among other Chemicals, **Allied Colloids** came in for support and added 2 to 111p, but **Brent** lost that much to 144p on lack of interest.

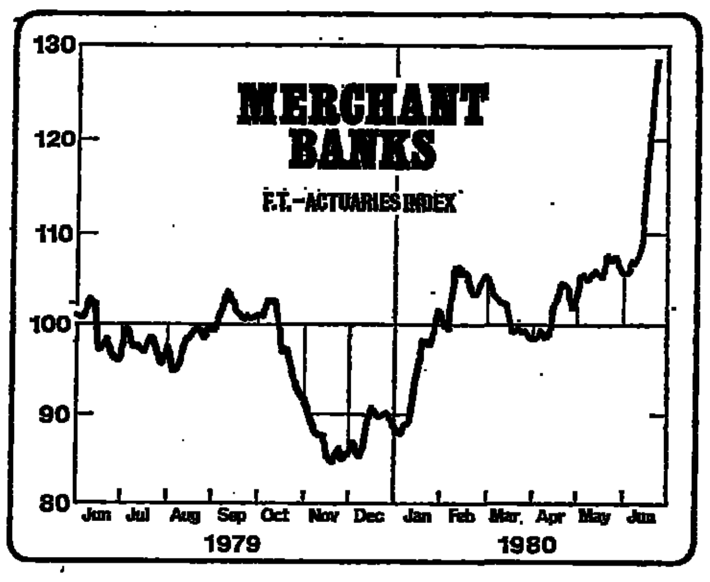
Grattan rise afresh

The odd firm spot was evident among secondary Stores. **Grattan**, initially good following Press suggestions of closer links with Great Universal Stores, were further buoyed by the chairman's statement at the annual meeting and the close was 8 better at 72p. Mail-order suppliers **Forminster**, annual results next month, jumped 8 to 126p on the news that the Morgan Grenfell Special Exempt Fund has acquired a near-6 per cent stake in the company. Speculative attention was directed towards **James Beattie "A,"** also 8 up, at 140p, while favourable Press comment lifted **Elys (Wimbledon)** 3 to 148p. A broker's recommendation helped **J. Hepworth**, 3 firmer at 148p, but **Lee Cooper** lacked fresh support and eased 5 to 200p.

Sharply lower interim profits and the decision to defer consideration of the dividend caused notable weakness in **Muirhead** which fell to 113p before closing 16 down on balance at 120p. Elsewhere in the Electrical sector, **STC** encountered profit-taking and shed 5 at 350p, but rises of that amount were marked against **Electrocomponents**, 560p, and **Louis Newmark**, 335p. Among the leaders, buyers showed renewed interest in **GEC**, up 2 more at 396p, after 398p, but **Racal** drifted off to close 3 cheaper at 256p and **Thorn** eased 6 to 294p.

Engineers were featured by a leap of 45 to 165p in **E. Austin and Sons (London)** in response to the preliminary results and proposed three-for-one scrip issue. In contrast, increased annual earnings from **Brown and Tawse**, down 5 at 133p, were outweighed by the forecast of a squeeze on profits in the current trading year. Speculative interest faded in **Anderson Strathclyde** which came back 2 to 75p; the preliminary results are due on Thursday. Scattered demand lifted **B. Elliott** 6 to 266p and **Whessoe** 3 to 55p, but **Spirax-Sarco** were on offer at 158p, down 4, along with **Babcock International**, 3 lower at 95p.

A firm market on expectations of a strengthening in the price of sugar, **Tate and Lyle** settled only 2 higher on balance at 142p, after 146p. Elsewhere in Foods, **Associated Dairies** shed 4 to 188p following adverse Press comment. **United Biscuits** held at 80p, the company's preliminary agreement to acquire Ward Foods' Pie-Crust product line for $36m making no apparent impression on the price.



Davies & Newman up

Favourable Press stimulated buying interest in **Davies and Newman** which touched 124p before closing 6 up on balance at 122p. Satisfactory preliminary results left **Polymark** similarly dearer at 80p, but **Unicorn Industries**, a firm market of late awaiting news of the recent bid approach, eased 4 to 121p. Still reflecting the recent results, **Johnson Matthey** edged up 2 more to 332p. Buying was evident in cleaning issues, **Sketchley** improving 5 to 254p and rises of around 3 being recorded in **Initial Services**, 138p, **Johnson Group**, 164p, and **Pritchard Services**, 49½p. **Brengreen**, however, eased a penny to 24p following the results and proposed rights issue. **Wilkinson Match** rallied 4 to 122p awaiting today's preliminary statement. Rises of a similar amount were marked against **National Carbonising**, 132p, and **Vinten**, 136p, while **Lawtex**, up 3 more at 55p, continued to benefit from Press mention. Further consideration of the reduced interim earnings left **J. F. Nash** 2 cheaper at 62p. Leading miscellaneous issues passed an extremely quiet trading session, with closing quotations a shade easier where altered.

Trident TV A firmed 3 to 55p awaiting today's half-yearly results. Elsewhere in the Leisure sector, **Saga Holidays** met with fresh support in a thin market and firmed 5 to 173p.

Motor Components usually moved to higher levels. **Automotive Products** added 3 more at 72p, while further consideration of the increased interim profits left **Bluemel Bros.** a similar amount better at 51p. A Press mention was good for 2 on **Kwik-Fit**, 70p, but **Lucas** provided an isolated dull spot at 206p, down 4.

Hongkong Land firmed 5 to 112½p on the company's plan to boost its stake in Hongkong and Kowloon Wharf from 20 per cent to 49 per cent at a cost of about £285m. Among domestic Property issues, **Lynton** lost 9 to 201p following an adverse Press mention, but **Dorrington** added 3 to 92p on the increased annual profits. Interest was shown in **Fairview Estates**, up 4 at 272p, and **Warnford Investments**, 5 harder at 425p. Buying ahead of today's annual results lifted **Control Securities** 2 to 45p. The leaders tended easier for want of attention, **Land Securities** softening 2 to 325p and **MEPC** a penny to 216p.

Aran below best

Publicity given to a broker's survey of the Irish Republic's offshore exploration programme prompted demand for **Aran Energy** which touched 480p before settling at 468p for a rise of 8 on the day. Elsewhere, **Cambridge** improved 10 to 270p, but **Caledonian** met selling and weakened 20 to 180p. Leading issues fluctuated narrowly and closed with little alteration on balance. Press comment stimulated further speculative support for **Lasmo** which advanced to 722p before reacting to close 4 off on the day at 708p.

Trusts maintained a firmer trend. **Northern Securities** gained 7 to 153p and **Gresham House** 5 to 190p, while **Crescent Japan** were outstanding in overseas issues with a rise of 8 at 168p. Among Financials, revived demand left **Robert Kitchen Taylor** 9 to the good at 146p.

Textiles again took on a firmer appearance. **David Dixon** continued to attract support and rose 6 more to 118p, while Press comment lifted **Richards** 2 to 19p. **Nova (Jersey)** picked up 4 to 49p, but further bearish comment clipped a couple of pence from **Albert Martin**, 31p.

Some early interest among Tobaccos was provided by **Imperial's** placing of its remaining 4.1m stake in **Bats** at 270p; the offering, easily absorbed by the market, left Bats 3 lower at 273p, while Imperial hardened a shade to 86½p.

Sel. Trust easier

Another heavy turnover was reported in the London-registered Mining Financials which encountered profit-taking after the substantial gains of last week.

Selection Trust fell to £10¾ before rallying late to close a net ½ lower at £11¼, while **Charter Consolidated** dropped 12 to 195p, after 193p, **Gold Fields** 8 to 490p, and **Tanks** 3 to 302p. **Rio Tinto-Zinc** touched extremes of 430p and 420p before settling unchanged at 425p.

South Africans remained nervous in the aftermath of the recent riots in the Republic.

Golds were persistently sold and attracted U.S. selling in the after-hours' trade which left quotations at the day's lowest. The $7 decline in the bullion price to $596.50 an ounce was a further depressing factor. The Gold Mines index fell 6.4 to 319.7—its lowest since the end of May.

Financials fared equally badly. Losses ranging from ½ to a full point were common to "Amgold," £34½, GFSA, £29, and "Johnnies" £25.

Australians raced ahead during the morning session but gains were pared during the afternoon following sizeable profit-taking.

The oil-shale exploration stocks were a notable exception, however. Renewed speculation regarding the oil-shale discovery in Queensland left **Greenvale** and **Esperance** a further 10 better at 122p and 170p respectively, while **International Mining**, involved in another oil shale prospect, the two companies advanced 7 for a two-day gain of 15 to 40p.

Elsewhere, bullish Press mention regarding Aran Energy prompted support for **Silvermines**, which put on 10 to 152p;

FINANCIAL TIMES STOCK INDICES

—	June 23	June 20	June 19	June 18	June 17	June 16	A year ago
Government Secs.	70.05	70.53	69.96	70.39	69.89	69.58	70.35
Fixed Interest	70.84	70.84	70.66	70.64	70.11	69.70	72.25
Industrial	469.8	471.8	465.4	473.1	469.0	467.6	473.4
Gold Mines	319.7	326.1	324.2	331.4	328.5	333.2	185.0
Ord. Div. Yield	7.65	7.62	7.69	7.58	7.64	7.66	5.93
Earnings, Yld. % (full)	18.41	18.34	18.55	18.27	18.42	18.46	16.15
P/E Ratio (net) (*)	6.61	6.64	6.56	6.66	6.61	6.58	7.89
Total bargains	22,699	21,972	25,114	28,475	26,446	26,753	—
Equity turnover £m.	—	141.33	136.84	180.85	172.31	144.93	60.11
Equity bargains total	—	16,882	17,693	16,962	19,937	19,004	11,197

10 am 470.0. 11 am 471.7. Noon 470.5. 1 pm 470.2.
2 pm 470.7. 3 pm 470.0.
Latest Index 01-246 8026.
*Nil—6.18.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	70.53 (20/6)	63.85 (7/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	70.84 (20/6)	64.70 (10/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	478.8 (15/2)	406.9 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	377.9 (29/2)	265.5 (18/3)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	June 23	June 20
—Daily		
Gilt Edged	157.0	124.0
Industrials	125.4	118.9
Speculative	58.1	80.0
Totals	94.8	88.8
5-day Avrge.		
Gilt Edged	143.9	145.1
Industrials	137.0	139.5
Speculative	51.1	47.9
Totals	98.2	99.5

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (137)

BRITISH FUNDS (5)
CORPORATION LOANS (9)
BANKS (4)
BUILDINGS (1)
CHEMICALS (1)
DRAPERY & STORES (2)
ELECTRICALS (4)
ENGINEERING (7)
FOODS (2)
HOTELS (1)
INDUSTRIALS (12)
INSURANCE (10)
LEISURE (1)
MOTORS (1)
PAPER (1)
PROPERTY (2)
SHIPPING (1)
SHOES (1)
TEXTILES (1)
TRUSTS (41)
OIL & GAS (4)
OVERSEAS TRADERS (1)
MINES (8)

NEW LOWS (21)

FOREIGN BONDS (3)
Chinese 4½pc 1898 Do. 5pc 1912 Do. 5pc 1913
AMERICANS (1)
CHEMICALS (1)
Reckord
STORES (1)
Brit. Benzol
Goodman Brothers
ENGINEERING (2)
Al. Ind. Products
INDUSTRIALS (6)
SHOES (1)
TEXTILES (1)
OIL & GAS (1)
SASOL
MINES (3)

LONDON TRADED OPTIONS

Option	Exercise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	330	42	55	58	—	74	—	367p
BP	360	22	—	38	45	56	—	"
BP	390	8	—	22	4	37	1	"
Com. Union	140	12	—	16	17	24	20	150p
Com. Union	160	3	[illegible]	7	[illegible]	14	[illegible]	"
Cons. Gold	420	75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	497p
Cons. Gold	460	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Cons. Gold	500	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Courtaulds	70	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	73p
Courtaulds	80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
GEC	360	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	396p
GEC	390	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Grand Met.	130	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	156p
Grand Met.	140	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Grand Met.	160	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
ICI	420	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	382p
Land Secs.	293	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	326p
Land Secs.	330	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Land Secs.	353	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Marks & Sp.	70	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	96p
Marks & Sp.	90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Marks & Sp.	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Shell	360	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	403p
Shell	390	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Shell	420	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Totals			209		261		62	

Option	Exercise price	August Closing offer	August Vol.	November Closing offer	November Vol.	February Closing offer	February Vol.	Equity close
Imperial Gp.	70	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	86p
Imperial Gp.	80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Imperial Gp.	90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Lonrho	80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	95p
Lonrho	90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Lonrho	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Racal Elec.	300	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	257p
RTZ	330	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	425p
RTZ	360	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
RTZ	390	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
RTZ	420	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
RTZ	460	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
RTZ	500	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Totals			148		[illegible]		[illegible]	

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	[illegible]	[illegible]	[illegible]
Corpns., Dom. and Foreign Bonds	[illegible]	[illegible]	[illegible]
Industrials	[illegible]	[illegible]	[illegible]
Financial and Prop.	[illegible]	[illegible]	[illegible]
Oils	[illegible]	[illegible]	[illegible]
Plantations	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]
Others	[illegible]	[illegible]	[illegible]
Totals	[illegible]	[illegible]	[illegible]

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon., June 23, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri., June 20 Index No.	Thurs., June 19 Index No.	Wed., June 18 Index No.	Tues., June 17 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	251.88	+0.1	17.60	6.40	6.97	251.70	249.87	251.40	249.80	241.73
2	Building Materials (28)	247.57	+0.7	18.12	6.67	6.55	245.95	246.36	249.24	247.10	222.61
3	Contracting, Construction (27)	372.93	+1.1	25.08	6.49	4.78	368.85	369.23	369.83	369.41	359.66
4	Electricals (16)	667.00	−0.2	12.41	3.66	10.46	668.37	658.28	664.27	661.84	573.20
5	Engineering Contractors (11)	305.54	+0.1	22.23	8.48	5.64	305.32	306.55	303.70	303.22	360.56
6	Mechanical Engineering (74)	168.27	−0.3	19.09	7.89	6.42	168.71	167.15	168.41	167.56	184.01
8	Metals and Metal Forming (16)	168.32	−0.2	21.58	10.08	5.55	168.72	167.72	166.45	163.40	167.37
	CONSUMER GOODS										
11	(DURABLE) (49)	219.81	−0.7	15.02	5.85	8.14	221.45	221.36	222.88	221.07	230.19
12	Lt. Electronics, Radio, TV (14)	321.64	−0.9	11.46	4.23	11.10	324.70	324.67	326.38	324.54	313.94
13	Household Goods (14)	99.64	−0.3	29.67	10.61	4.01	99.96	99.16	99.11	99.06	159.88
14	Motors and Distributors (21)	102.34	−0.2	22.57	9.71	5.14	102.57	102.60	102.38	102.18	117.96
	CONSUMER GOODS										
21	(NON DURABLES) (172)	233.45	−0.3	17.72	6.85	6.81	234.08	231.91	233.51	230.11	233.09
22	Breweries (14)	292.85	+0.1	15.04	6.21	7.85	292.42	289.66	293.39	288.58	270.00
23	Wines and Spirits (5)	305.79	−0.4	17.81	6.11	6.92	307.12	304.47	308.50	310.28	308.40
24	Entertainment, Catering (17)	339.75	−0.1	16.99	6.57	7.38	340.01	336.27	338.25	333.00	302.74
25	Food Manufacturers (21)	206.31	+0.3	19.47	7.25	6.05	205.63	204.86	203.40	202.18	213.79
26	Food Retailing (13)	332.83	−0.8	12.69	4.76	9.41	335.55	329.94	330.94	327.24	293.62
32	Newspapers, Publishing (13)	437.12	−0.2	21.84	6.69	6.18	438.17	439.35	439.26	437.71	428.45
33	Packaging and Paper (15)	133.06	−0.1	26.95	9.37	4.30	133.21	133.65	135.09	134.81	128.75
34	Stores (42)	227.60	−0.6	13.50	5.41	9.55	229.09	226.54	229.86	224.70	235.69
35	Textiles (24)	131.09	−0.7	24.79	11.84	4.92	132.00	131.14	132.78	132.27	164.15
36	Tobaccos (3)	229.36	−0.4	26.59	10.10	4.26	230.17	226.34	225.66	219.14	236.69
37	Toys and Games (5)	28.22	+1.9	43.08	13.51	2.69	27.69	27.19	26.83	26.03	74.63
41	OTHER GROUPS (99)	217.06	−0.1	17.17	7.08	6.92	217.26	216.64	217.85	217.54	201.59
42	Chemicals (16)	315.82	−0.4	19.85	7.62	5.78	316.99	315.44	317.43	317.65	284.61
43	Pharmaceutical Products (7)	215.49	−0.4	11.90	6.41	10.35	216.35	215.56	217.87	217.62	216.62
44	Office Equipment (6)	110.05	−0.5	19.79	7.54	5.78	110.55	109.81	110.44	110.64	119.31
45	Shipping (10)	544.07	+0.7	13.48	6.49	8.98	540.52	541.29	542.53	539.84	453.52
46	Miscellaneous (60)	262.67	+0.2	17.30	6.92	7.09	262.04	261.87	262.70	261.79	239.93
49	INDUSTRIAL GROUP (492)	240.61	−0.2	17.37	6.72	6.96	241.02	239.43	240.90	238.83	234.55
51	Oils (8)	810.22	−0.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX	285.59	−0.2	19.74	6.64	5.95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (118)	219.98	+0.2	—	5.71	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (6)	239.53	−1.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63	Discount Houses (10)	266.48	+0.3	—	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64	Hire Purchase (5)	216.69	+0.2	14.42	4.82	9.00	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (10)	206.61	+1.1	—	6.16	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (9)	145.56	+1.1	—	7.39	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance Brokers (9)	319.40	+0.3	14.54	7.37	9.45	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (13)	128.61	+3.0	—	5.19	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (45)	405.86	−0.2	3.35	2.85	42.29	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Miscellaneous (10)	136.18	+0.8	16.14	6.41	7.87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (109)	[illegible]	[illegible]	—	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	222.15	−1.7	11.97	4.44	10.13	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (19)	388.17	−0.5	13.54	6.98	9.08	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (750)	270.81	−0.1	—	6.36	—	271.14	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Mon., June 23	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	106.01	−0.14	—	4.99
2	5-15 years	111.57	−0.28	—	6.77
3	Over 15 years	115.69	−0.23	—	7.99
4	Irredeemables	132.78	−1.61	—	6.30
5	All stocks	110.76	−0.24	—	6.29

	FIXED INTEREST YIELDS British Govt. Av. Gross Red.		Mon., June 23	Fri., June 20	Year ago (approx.)
1	Low Coupons	5 years	11.71	11.62	10.65
2		15 years	11.71	11.62	11.22
3		25 years	11.71	11.62	11.74
4	Medium Coupons	5 years	13.03	12.99	12.48
5		15 years	13.18	13.17	12.77
6		25 years	13.17	13.15	12.77
7	High Coupons	5 years	13.18	13.12	12.78
8		15 years	13.61	13.51	13.11
9		25 years	13.55	13.49	13.11
10	Irredeemables		11.08	10.98	11.52

		Mon., June 23 Index No.	Yield %	Friday June 20	Thurs. June 19	Wed. June 18	Tues. June 17	Mon. June 16	Fri. June 13	Thur. June 12	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	52.76	14.04	52.71	52.67	52.56	52.43	52.14	51.88	51.87	56.92
16	Investment Trust Prefs. (15)	48.42	14.00	48.42	48.42	48.42	48.40	48.36	48.09	48.09	48.58
17	Coml. and Indl. Prefs. (20)	64.41	13.95	63.78	63.76	63.59	63.44	63.10	63.16	63.10	69.10

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
Charter Cons.	2p	8	195	−12	210	134
ICI	£1	7	382	− 2	402	348
Johnson Matthey	£1	7	332	+ 2	332	205
NatWest Bank	£1	7	375	− 3	380	305
RTZ	25p	7	425	—	485	327
Tate & Lyle	£1	7	142	+ 2	178	118
Western Mining	$A0.50	7	265	—	266	177
Imperial Group	25p	6	86½	+ ½	86½	71½
LASMO	25p	6	708	− 4	712	337
Midland Bank	£1	6	370	− 5	383	308
Selection Trust	25p	6	£11¼	− ½	£11¾	586
Unilever	25p	6	472	—	480	388
Beecham	25p	5	138	—	139	108
Cadb'y Schweppes	25p	5	61½	− ½	66	54
Courtaulds	25p	5	73	—	79	64

OPTIONS

First Dealing	Last Dealing	Last Declaration	For Settlement
Jun. 9	Jun. 20	Sept. 11	Sept. 22
Jun. 23	Jul. 4	Sept. 25	Oct. 6
Jul. 7	Jul. 18	Oct. 9	Oct. 20

For rate indications see end of Share Information Service

Stocks favoured for the call included Debenhams, Montague L. Meyer, Silvermines, Burmah, FNFC, Hambros, Carr Boyd, Restmor, Endeavour, South Crofty, Associated Dairies, Charterhall, Attock Oil, Grip-perrods, Singlo, Australian Consolidated Minerals, Premier Oil, Stoddard A. and Lonrho. Puts were done in Legal and General, GEC, FNFC and Archimedes Capital. Doubles were arranged in Debenhams, FNFC, Charter Cons. and Lonrho.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
55	F.P.	30/6	88	74	Home Farm Prods 10p	88	+4	[illegible]	[illegible]	[illegible]	[illegible]
—	F.P.	[illegible]	[illegible]	[illegible]	Jenkin & Purser	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
185	F.P.	[illegible]	[illegible]	[illegible]	Oakwood Group	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
183	F.P.	27/6	110	93	Peerless	95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price £	+ or −
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Automated Sec. 8% Cnv. Uns. Ln. '95	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Can. Imp. Bk. of Commerce 11% Deb. 1995	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Challenge Corp. 16pc Prf.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Clifford's Dairies	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Cowie (T.) 10½% Conv. Red. Cum. Prf.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Daal	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Folkestone & District Water	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	London & Midlands	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Nationwide	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	NSS Newsagents 7½% Cnv. Uns. Ln.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	North Brit. Props	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	North Surrey Water	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Brown & Jackson	24pm	[illegible]
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Carless Capel	58pm	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Clifford's Dairies 'A'	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Clyde Petroleum	685	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	East Rand Cons.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Hawley Leisure	44	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Land Securities	64pm	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Linfood	151	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Lloyds & Scottish	147pm	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Pancontinental	330pm	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Rugby Portland Cement	71	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Silvermines	150	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Unitech	192	[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

[illegible]

FT UNIT TRUST INFORMATION SERVICE

هكذا من الأصل

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	48.0	51.6	-0.4	1.94
Abbey Capital	38.9	41.9	.....	6.01
Abbey General	50.6	54.1	.....	5.76
Abbey Gilt & F.I. Tst.	109.3	115.1	+0.4	9.32
Abbey Income	46.0	49.7	.....	8.12
Abbey Intl. Bd. Tst.	95.0	100.5	-0.3	5.47
Abbey Inv. Tst. Fnd.	40.7	44.0	+0.4	5.80
Equitas Prog. Trust	73.7	79.7	-0.1	5.62

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref	88.6	94.5	.....	12.02

Allied Hambro Ltd. (a) (b)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	81.5	87.2	+0.3	6.08
Brit. Inds. Fund	72.0	77.0	+0.3	6.75
Growth & Income	45.1	48.3	+0.3	5.76
Elect. & Ind. Dev.	39.7	42.5	+0.2	5.76
Allied Capital	83.7	89.6	+0.4	5.19
Hambro Fund	122.8	131.4	+0.3	6.61
Hambro Acc. Fund	155.3	166.2	-0.2	5.42
Income Funds				
High Yield Fd.	66.7	71.4	+0.1	10.15
High Income	73.1	78.2	+0.2	7.80
A. H. Eq. Inc.	43.0	46.0	+0.3	7.89
Govt. Secs.	25.4	26.1	+0.2	8.62
International Funds				
International	29.2	31.2	.....	3.46
Pacific Fund	50.7	54.3	+0.6	2.27
Secs. Of America	57.9	62.0	-0.6	2.90
Specialist Funds				
Smaller Co.'s Fd.	49.7	53.2	+0.2	4.70
2nd Smlr. Co's Fd.	57.9	62.0	+0.1	4.73

Emson & Dudley Tst. Mngmnt. Ltd.
20b Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	74.1	79.7	.....	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	79.6	83.7	.....	5.06

Fidelity International Management Ltd.
62-63, Queen St., London, EC4R 1AD. 01-248 4891

American	23.5	25.1	-0.1	1.00
Fixed Interest	25.1	26.9	+0.1	12.80
Growth + Income	30.7	32.9	+0.1	7.61
Special Sits.	30.6	32.6	-0.1	2.86

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	29.2	31.4	.....	2.17
Accum. Units	35.9	35.6	.....	2.17
J. Finlay High Income	33.6	36.1	.....	10.07
J. Finlay Euro.Fin.	21.3	22.9	.....	3.93
Accum. Units	26.6	28.6	.....	3.93
J. Finlay Fd.In.Tst.	34.3	36.9	.....	5.34
Accum. Units	42.3	45.5	.....	5.34

Prices on June 18. Next dealing June 25.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

American June 16	51.8	55.4	-0.2	1.79
Am.T'around June 23	50.0	53.4	-0.2	2.29
Capital Tst.	54.0	57.6	.....	5.34
(Accum. Units)	54.8	58.6	+0.2	5.34
Extra Income Trust	50.4	53.8	+0.2	10.44
Income Tst.	37.6	40.2	+0.2	8.40
Int. Growth Fd.	44.4	47.4	.....	2.39
(Accum. Units)	47.2	50.4	-0.2	2.39

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Units	53.3	57.0	+0.2	4.72
Do. Accum.	75.2	80.4	+0.3	4.72

Funds In Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital June 19	125.9	127.6	.....	5.23
Gross Inc. June 19	75.6	78.1	.....	11.65
High Yield June 19	91.3	93.3	.....	10.14

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.♥
16 Finsbury Circus, EC2M 7DD 01-628 8131

G.T. Cap. Income	120.5	128.1	.....	—
Do. Acc.	151.4	161.0	.....	3.30

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INSURANCE PROPERTY BONDS

[illegible]

OFFSHORE & OVERSEAS FUNDS

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Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

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CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

61¾	56½	Agric. Mt. 5pc '59-89	60½xd	......	8.12	12.11
80	72½	Alcan 10½pc '89-94	78xd	......	13.46	14.20
28½	25	Met. Wtr. 3pc 'B'	28½	......	10.89	12.95
105	89	U.S.M.C. 9pc 1982	100xd	−3	9.00	—
92	85½	Do. without Warrants	90xd	−½	10.00	12.95

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TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
25	21	Acmex 50c	23	......	—	—	—
24	12	ACM 20c	17	......	—	—	—
100	52½	Bond Corp.	100	......	hQ2.8c	2.2	1.4
156	88	Bougainville I Kina	118	−1	hQ26.2c	1.0	12.4
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
180	78½	Anglo-Dominion	140	−18	—	—	—
97	56	Barymin	57	......	—	—	—
17	12	Burma Mines 10p	15	......	0.62	1.1	6.0
502	320	Cons. Murch. 10c.	320	......	hQ100c	1.8	18.6
180	125	††Hemerdon 10c.	125	......	—	—	—
585	325	Northgate C$1	380	−10	—	—	—
485	327	R.T.Z.	425	......	15.0	3.2	5.0
33	16	Robert Mines	24	......	—	—	—
58	26	Sabina Inds. C$1.	30	......	—	—	—
51	44	††SWCM 10p	49	−1	—	—	—
650	411	Tara Expln. $1	445	−5	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- †† Unlisted security.
- ‡ Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ◆ Merger bid or reorganisation in progress.
- ◆ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ◆ Regional price.
- ‖ No par value.
- §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	30	......	Conv. 9% '80/82	£89⅞	......
Bertam	16	−1	Nat. 9¾% 84/89	£80	+⅛
Bdg'wtr. Est. 50p	435	......	Fin. 13% 97/02	£89⅞	+½
Clover Croft	60	......	Alliance Gas	43	......
Craig & Rose £1	£10½	......	Arnott	345	−15
Fife Forge	32½	......	Carroll (P.J.)	58xd	+1
Finlay Pkg. 5p	18	......	Clondalkin	120	......
Graig Ship. £1	£15	......	Concrete Prods.	75	......
Higsons Brew.	75	......	Helton (Hldgs.)	33	......
Holt (Jos) 25p	250	......	Ins. Corp.	245	......
I.O.M. Stm. £1	187	......	Irish Ropes	45	−10
Pearce (C. H.)	455	......	Jacob	32	......
Peel Mills	40	......	T.M.G.	85	......
Sheff. Refrshmt	103	......	Unidare	93	......
Sindall (Wm.)	343	......			

OPTIONS

3-month Call Rates

Industrials		I.C.I.	27	Utd. Drapery	6½
A. Brew	7	"Imps"	6½	Vickers	12
BOC Intl.	6	I.C.L.	14	Woolworths	5½
B.S.R.	4½	Inveresk	4		
Babcock	8	Ladbroke	15	**Property**	
Barclays Bank	34	Legal & Gen.	15	Brit. Land	7
Beecham	10	Lex Service	8	Cap. Counties	9
Blue Circle	25	Lloyds Bank	24	Land Secs.	24
Boots	16	"Lots"	3½	MEPC	17
Bowaters	15	London Brick	6	Peachey	13
B.A.T.	20	Lucas Inds.	17	Samuel Props.	12
Brown (J.)	6	"Mams"	14	Town & City	2
Burton 'A'	10	Mrks. & Spncr	8		
Cadburys	5½	Midland Bank	26	**Oils**	
Courtaulds	8	N.E.I.	5	Brit. Petroleum	32
Debenhams	8	Nat. West. Bank	27	Burmah Oil	20
Distillers	17	P & O Dfd.	10	Charterhall	10
Dunlop	7½	Plessey	14	KCA	11
Eagle Star	15	Racal Elect.	22	Premier	13
F.N.F.C.	2¼	R.H.M.	4½	Shell	35
Gen. Accident	21	Rank Org.	15	Tricentrol	40
Gen. Electric	30	Reed Intnl.	16	Ultramar	35
Glaxo	18	Sears	5		
Grand Met.	12	Tesco	6	**Mines**	
G.U.S. 'A'	34	Thorn	23		
Guardian	25	Trust Houses	12	Charter Cons.	14
G.K.N.	28	Tube Invest.	23	Cons. Gold	40
Hawker Sidd.	15	Unilever	40	Lonrho	8
House of Fraser	15	U.D.T.	5½	Rio T. Zinc	35

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 32

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

FINANCIAL TIMES
Tuesday June 24 1980

AIR CRASH LEAVES POLITICAL VACUUM

Sanjay Gandhi's death shocks India

BY K. K. SHARMA IN NEW DELHI

INDIA FACES a prolonged period of political uncertainty after the death in an air crash yesterday of Mr. Sanjay Gandhi, the 33-year-old son of the Prime Minister, Mrs. Indira Gandhi.

Although Sanjay held no post in the Government he had effectively taken over the management of the economy and industry and was being groomed to succeed his mother. After Mrs. Gandhi he was also the most powerful figure in her Congress (I) Party.

Hundreds of thousands of people are expected to attend his funeral today. Both Houses of Parliament yesterday adjourned for the day in an unusual tribute usually reserved for the most honoured leaders of the country. Shops closed after the news spread across India that the two-seater aircraft which Sanjay had been flying had crashed in New Delhi.

His death leaves a vacuum in the political leadership of the Country and in the Congress (I) Party. Outside foreign issues which Mrs. Gandhi has dealt with, Sanjay was almost the only person in whom she had complete trust. She also looked to him to continue the almost uninterrupted tradition since independence of a member of the Nehru family ruling India.

No immediate changes in policy are expected. If anything Sanjay's death could delay a number of important economic decisions in the pipeline.

The Indian budget last week bore Sanjay's stamp. It has been described as "pragmatic" and right of centre.

Thousands of people gathered at the Lohia hospital where Sanjay's body was taken after the crash. He was declared dead on arrival. Mrs. Gandhi tried to control the crowds and console Sanjay's widow, Maneka, who gave birth to a son two months ago.

Sanjay's body was later taken to the Prime Minister's official residence, where huge crowds gathered. Many brought floral offerings and wept. Others shouted slogans like "long live Sanjay" and "Sanjay, the national leader."

Mrs. Gandhi also visited the site of the crash. Sanjay had bought the plane recently.

Since Sanjay's election in January as a member of Parliament, he had been successfully helping his mother regain control of the states and reorganising the Congress (I) Party of which he was the de facto leader. He was made the party's secretary ten days ago.

Sanjay was known principally for building up the Youth Congress during his mother's 19-month emergency rule and for the unpopular forced sterilisation programme initiated by his followers. This cost Mrs. Gandhi the 1977 general election. Since then, he helped his mother make a remarkable political comeback.

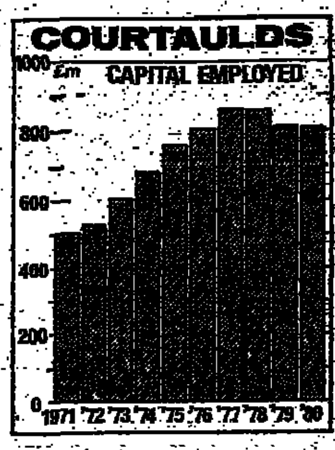
In the past few months since Mrs. Gandhi regained the Premiership, Sanjay wielded enormous power in the Federal government and the states, where people chosen by him filled most of the important posts.

A court of inquiry has been ordered into the crash which took place early yesterday morning. There was no confirmation of rumours of sabotage of the aircraft, which had been cleared for the flight. Sanjay, who held a commercial pilot's licence and was an enthusiastic flier, had flown the aircraft for about an hour on Sunday evening.

THE LEX COLUMN

Shrinkage problem in textiles

Index fell 2.0 to 469.8



While property companies and rubber plantations raise new money from the stock market, Courtaulds—one of the UK's largest manufacturing companies—is effectively giving money back to shareholders. In maintaining its dividend this year it is paying out some 8.5p net a share, worth over 12p in the tax-free hands of a pension fund against a current share price of 73p. Only by raiding the deferred tax reserve for some £24m has it been able to keep book shareholders' funds roughly unchanged at around £450m. The annual report shows that capital employed has in fact fallen for the fourth year in a row, albeit only slightly in historical cost terms; the current cost picture suggests a more serious shrinkage, with a deficit after tax and dividends of some £50m before extraordinary items.

Whether Courtaulds would still be paying dividends if it could only publish current cost figures is a moot point. Discreetly, it is not publishing full current cost accounts until next year. But its distribution policy could be seen as one rational answer to the problem of poor returns in its major UK textile operations. In all, £639m of capital employed in textiles generated pre-interest profits of £59m last year, and it looks (though the annual report does not spell it out) as though about half that was generated in the comparatively small overseas operations. No wonder the group cut back its scheduled capital spending last year, and the net addition of £64m to fixed assets compared with a current cost depreciation charge of £116.5m.

In the circumstances, it is fortunate that Courtaulds is being managed according to cash flow rather than to historical cost profit. The flow of funds statement comes 21 pages earlier than the p and l account in the annual report, and the net cash outflow for 1979-80 was a mere £9m. The group is very well funded, with nearly £200m of cheap fixed rate loan capital; this explains why high short-term interest rates have had little impact on its profits. So the group is under no great financial pressure, and is able to shrink its textile businesses in an orderly way, while still aiming to expand its higher return operations like paints and plastic films.

But yesterday's UK retail spending figures, and all the warning noises from major stores groups, emphasise the immediate problems. Courtaulds warns that the next two years will be very difficult.

Hong Kong battle

The power struggle in Hong Kong's financial community is reaching awesome proportions. In a matter of hours yesterday morning, Sir Y. K. Pao and his family spent the best part of £200m cash in a share raid on the Hongkong and Kowloon Wharf and Godown Company, taking their interest up from around 30 to 49 per cent of the equity. This was the forthright response to Friday's news that Hongkong Land intended to increase its shares in Wharf from 20 to 49 per cent by means of a tender offer—and there was more excitement to come. The Commissioner for Securities promptly ruled that the Pao interests had incurred an obligation to bid for the whole of Wharf.

This ruling is being queried, on the somewhat improbable argument that the Pao interests already controlled Wharf. An outright bid would be a tall order even for Sir Y. K. Pao, and it is generally assumed that the Commissioner's ruling—which has no statutory backing—will not be observed. A key role here will be played by the central bank, the Hongkong and Shangai Banking Corporation. Sir Y. K. Pao just happens to be on the board, and it is one of his principal backers. Its reaction is quite unpredictable, as the directors of Hutchison Whampoa discovered last year when it sold a key stake in their business to Chinese interests without consultation.

Although yesterday's cash offer was only about an eighth higher than the earlier approach from Hongkong Land (depending on the value of the latter's loan stock) the acceptances came flooding in. This prompted Machiavellian stories that the Jardine Matheson camp, which is closely associated with both Hongkong Land and Wharf, had actually turned into a seller. Hongkong Land itself has relatively ungeared net assets of around £575m, but even so would be hard pushed to counter Sir Y. K. Pao's pre-emptive strike.

Wharf shares are now well above asset value, unless it is assumed that its entire portfolio could be sold at top market prices. Independent shareholders could get cut out—but then this a rough, tough market place, and most of them have made substantial gains anyway.

Muirhead

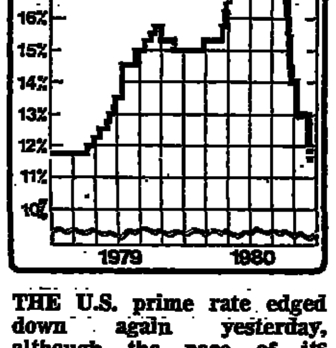
Muirhead has an upmarket range of products in facsimile equipment at a time when a volume market is taking off. And it looks as if it could be badly squeezed. The current bad patch, in which it is shrinking in real terms, is likely to hobble it in taking on the competition. With a first-half drop in pre-tax profits from £931,000 to £29,000, following the loss in the previous six months, capital expenditure is being held to only £250,000 or so in the current year.

The immediate cause of the difficulties appears to be a downturn in orders for defence-related equipment, not helped by the strength of sterling and high interest rates. But there has been no reduction over the last six months in stock levels, which remain at about 60 per cent of turnover. Net debt—standing at 35 per cent of capital employed in September—has continued to rise. Meanwhile its volume in the expanding facsimile market has improved only modestly.

Without a stepped up investment programme, the company is likely to find itself distributing more Japanese machines, a process that has already begun. All of which comes as a shock to those investors who piled into the stock early last year to buy into high technology, pushing up the price to 303p. Yesterday the shares dropped 23p to 118p, capitalising the company at £9½m against a net worth of about £14½m. Even taking the passed interim dividend into account, the drop in the share price suggests that the market is now less confident about the emergence of a bidder willing to take on the Japanese in an area to which they are devoting major resources.

Morgan Guaranty cuts prime again

By David Lascelles in New York



THE U.S. prime rate edged down again yesterday, although the pace of its its decline since the peak in mid-April has slowed noticeably.

Morgan Guaranty, the large New York bank, cut half a point off its rate to take it to 11½ per cent.

The move was followed by some small regional banks. Other large banks held back, probably to get a clearer idea of the underlying trend in interest rates.

Set records

Morgan's move means the prime rate has shed 8½ points since it peaked at 20 per cent. The decline has set records both for its size and speed.

But although the prime still has some way to go before is catches up with other interest rates, the U.S. interest rates may have stabilised for the time being.

Edged up

The cost of funds in the money markets edged up a little yesterday morning, and bond prices declined in the face of a huge volume of corporate financing.

Morgan's cut was good news for the stock market. Share prices edged up in early trading, offsetting part of the sharp losses recorded last week.

Japan's ruling LDP back with increased majority

BY RICHARD C. HANSON IN TOKYO

JAPAN'S ruling Liberal Democratic Party was returned to power yesterday with a landslide 284 seats in the 511-seat Lower House of the Diet following Sunday's general elections.

The vote, which was originally expected to end the 25 years of undiluted Liberal Democrat rule, turned out to be the party's best performance at the polls since 1969, and gives it a free hand in parliament for possibly four years.

Factional in-fighting in the party has now intensified to find a party leader and Prime Minister to replace Mr. Masayoshi Ohira who died suddenly during the campaign.

The Liberal Democratic Party victory appears to reverse a trend towards both the centre and the left of the political spectrum with the middle-of-the-road Komeito "Clean Government" party losing 25 seats and the Communists losing 12.

STATE OF THE PARTIES

Liberal Democratic Party	284	(258)
Japan Socialist Party	107	(107)
Komeito (Clean (Government Party)	33	(58)
Japan Communist Party	29	(41)
Democratic Socialist Paryt	32	(36)
New Liberal Club	12	(4)
United Socialist Democratic Party	3	(2)
Independents	1	(4)
Vacancies	0	(1)
TOTAL	511	(511)

Figues in brackets show party strengths at the time of dissolution of Parliament.

Independents

Two independent members joined the Government ranks last night, effectively boosting the majority to 286. Two more independents were expected to join later.

More than 74 per cent of eligible voters turned out at the polls—the fourth largest turnout in post-war elections for the lower house.

A near final count of the lower house votes shows the Liberal Democratic Party gathered nearly 48 per cent of the votes cast, compared with 44.59 per cent last October and the low ebb of 41.8 per cent in elections late 1976 when the party leaders were alleged to have been involved in taking bribes from the American Lockheed Aircraft Corporation.

The Liberal Democratic Party's success seems to have been partly due to the death during the campaign of Prime Minister Ohira, which provoked a "sympathy vote."

Other contributing factors were the failure of the four main opposition parties to coordinate their campaigns effectively, and the fact that the Liberal Democratic Party appears to have been better prepared to fight the election, called after the surprise defeat of the Government on a no-confidence motion on May 16.

The leading opposition party, the Japan Socialist Party, kept 107 seats won in the last election, but slipped slightly in its share of the total votes to 19.3 per cent from 19.71 per cent last time.

The Komeito party now holds 33 seats. Seats won by the Democratic Socialist Party fell by four to 32 seats.

The Communists took 29 instead of 41 seats. The New Liberal Club, an offshoot of the ruling party, improved its standing to 12 seats from four.

The Liberal Democrats' hold on the Lower House carries with it power to control all the major legislative committees.

This was a double election for both houses of parliament and the ruling party also assured their hold of a majority in the less-powerful upper house.

Factions

Vital in the returns were the performances of the various rival factions within the Liberal Democratic Party. These showed the "mainstream" faction of the late Prime Minister Ohira and his strongest supporter, former Prime Minister Kakuei Tanaka, winning a clear edge.

The complicated back-room process of selecting a new party President and hence Prime Minister starts in the next few days. No clear leader is evident yet.

Fighting for the approval of the main Ohira and Tanaka factions will be Mr. Yasuhiro Nakasone, a former head of the Defence Agency and political "hawk" and Mr. Kiichi Miyazawa, once former Foreign Minister who is most likely to win leadership of the Ohira faction.

Another possible contender is Mr. Toshio Komoto, a former businessman and head of the powerful Ministry for International Trade and Development who is a member of the Miki faction.

UK home market 'static nationwide'

By Andrew Taylor

HOUSE PRICES remain static throughout the UK and homes coming on to the market are taking longer to sell, the Royal Institution of Chartered Surveyors said yesterday in its latest three-month review of the housing market.

More than 120 estate agents across the country were questioned by the institution last month.

Eighty per cent reported that prices had either stayed the same or had fallen since the end of February.

Sixty-two per cent said prices were unchanged during the three months, while 19 per cent said they had fallen.

Almost a quarter of agents replying to the survey reported increases of between 2 and 8 per cent for pre-1919 terrace houses.

Only the market for new houses has shown a better performance, with 33 per cent of agents reporting rising prices over the three months. This still leaves 54 per cent of agents saying that prices for new homes have remained static while 13 per cent said prices had fallen.

A subsidiary survey, taken from a small sample of Yorkshire and Humberside agents, underlines the marked regional variations in some house price movements over the past few months.

Although in most housing categories the bulk of Yorkshire agents said prices had remained static, none reported falling prices and 77 per cent said that new house prices had risen over the three months.

Other regional surveys conducted by the institution over the past five months indicate that the flat trend in house prices since the autumn has been most marked in London and the South-East.

Contnnued from Page 1

Pao bid

family in Wharf." In fact, most of the shares controlled by Sir Yue-kong—other than those acquired yesterday, are owned by World International, a publicly-quoted company which recently acquired the stake from Pao family interests.

The speed of Sir Yue-kong's move stunned his adversaries. It required him to produce HK$2.2bn in 48 hours. The source of the funds is not clear. But Sir Yue-kong is deputy chairman of the Hongkong and Shanghai Banking Corporation, which has big holdings in his shipping empire. Wardley is a HK Bank subsidiary.

There are doubts, however, whether Sir Yue-Kong and his backers could justify, or even find, the HK$6.2bn needed for a full offer.

The Takeover Committee requirement for a general offer is not mandatory but many regard this as a key test of whether the Colony's markets are now subject to effective regulation.

Personal share deal rules to be probed

BY CHRISTINE MOIR

The Council for the Securities Industry is inquiring into the personal share dealings of fund managers to establish whether there is adequate supervision.

The inquiry is directed at the investment managers and securities dealers of unit trusts, insurance companies, investment trusts, pension funds and banks which carry out fund management for clients. It also covers stockbrokers.

A sub-committee, under Mr. Patrick Neill, the council's chairman, has written to organisations represented on the council asking them to establish whether their members already have rules governing their employees' personal dealings, and what the rules are.

Next week the committee will begin sifting through the information, and will then decide whether to work towards a formal code of practice for dealers who also invest on behalf of clients.

Alternatively, it might restrict itself to simple guidance notes which would insist on fund management groups adopting "in house" rules along "best practice" guidelines resulting from the inquiry.

Mr. Nicholas Goodison, chairman of the Stock Exchange who initiated the inquiry, said the job of supervising personal dealings of fund managers should rest with the senior partners or boards of the companies concerned.

It was necessary to ensure that rules existed within each organisation to scrutinise fund managers' dealings, making sure they were properly conducted.

Fowler to open cycling show

MR. NORMAN FOWLER, the Minister of Transport, will open the sixth annual International Festival of Cycling at Harrogate tomorrow.

The show, which this year has a record 130 participants, will include the British Olympic cycling team in a number of the 42 sponsored cycle races taking place in and around Harrogate throughout the week.

Weather

UK TODAY

SHOWERS in most places, heavier and more frequent in Wales and southern England. Cool.

S.W. England, Wales, Channel Isles

Cloudy. Showers dying out later. Max 16C (61F).

Elsewhere

Sunny intervals and showers, heavy in places. Max 17C (63F).

Outlook: Continuing cool and unsettled.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	23	73	Locarno	R	15	59
Algiers	S	27	81	London	R	13	55
Amsdm.	F	15	59	Luxmbg.	F	14	57
Athens	S	28	82	Luxor	S	37	99
Bahrain	S	36	97	Madrid	S	25	77
Barclna.	C	15	59	Majorca	F	25	77
Beirut	S	27	81	Malaga	S	29	84
Belfast	C	13	55	Malta	S	26	79
Belgrd.	S	28	82	M'chstr	C	14	52
Berlin	C	18	64	Melbne	C	11	52
Biarrit	F	16	61	Milan	C	23	73
Bmghm.	R	11	52	Mntreal	C	23	73
Blackpl.	R	13	55	Moscow	C	26	79
Bordx.	F	18	64	Munich	C	13	55
Bristol	R	12	54	Nairobi	C	21	70
Brussels	F	16	61	Naples	F	27	81
Budpst.	F	25	77	Nwcstl.	F	15	59
B. Aires	S	15	59	N. York	S	28	82
Cairo	S	34	93	Nice	C	19	66
Cardiff	C	15	59	Nicosia	S	29	84
Cas'b'ca	C	21	70	Oporto	F	20	68
Cape T.	C	16	61	Oslo	C	15	59
Chicago	C	25	77	Paris	C	16	61
Cologne	C	17	63	Perth	C	20	68
Cpnhgn.	F	16	61	Prague	R	11	52
Corfu	S	28	82	Reykjvk	S	12	54
Dublin	R	12	54	Rhodes	S	27	81
Dbrvnk.	S	26	79	Rio J'o	C	20	68
Ednbgh.	F	14	57	Rome	F	27	81
Faro	S	23	73	Salzbrg	C	16	61
Florence	C	21	70	Singapr.	S	29	84
Frankft.	F	18	64	Stckhm.	R	13	55
Funchal	C	21	70	Strasbg.	F	19	66
Geneva	C	15	59	Sydney	C	14	57
Gibrltr.	S	23	73	Tangier	F	22	72
Glasgow	F	13	55	Tehran	S	25	77
G'rnsey	F	15	59	Tel Aviv	S	26	79
Helsinki	R	14	57	Tenerife	F	18	64
H. Kong	S	30	86	Tokyo	C	26	79
Innsbrk.	C	15	59	Toronto	C	21	70
Invrnss.	R	12	54	Tunis	S	28	82
I.o.Man	C	12	54	Valencia	F	29	84
Istanbul	S	24	75	Venice	F	24	75
Jersey	S	15	59	Vienna	C	22	72
Jo'burg	S	12	54	Warsaw	F	20	68
L. Plms.	C	22	72	Zurich	C	13	55
Lisbon	F	22	72				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

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Retail sales

that was the week when last year's pre-Budget spending spree was at its peak. Sales in the 20 weeks to June 14 were up by only 8.2 per cent on last year—well below the rate of inflation.

The relatively poor weather this summer has badly hit clothing and footwear retailers, who are still trying to recover from a slump which started last autumn.

Sales of large consumer durables, such as washing machines and refrigerators, have also been adversely affected in recent weeks by consumers deferring decisions to buy. Mr. Johnson reports that small electrical appliances and colour televisions are still selling well, mainly because prices are roughly the same as they were a year ago.

The detailed figures show that because of the buoyancy of first quarter sales the volume of trade in the first five months of this year was still ½ per cent above the average for last year.

Based on non-seasonally adjusted data, the value of total sales in May was 12 per cent higher than a year earlier. In the first five months of this year the average value of sales was 16 per cent higher than in the same period of last year.

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Venice summit

lopment and by making public transport more attractive."

Investment and innovation would have to be encouraged, resources shifted from government spending to the private sector and from consumption to investment, while "avoiding or carefully limiting actions that shelter particular industries or sectors from the rigours of adjustment."

On the international level, the seven made it clear they felt oil-producing countries should show greater responsibility, both in fixing oil prices and giving more direct aid to the Third World. Despite Mrs. Thatcher's reservations, the Communist world should be encouraged to give more aid.

A major international effort was required to help developing countries and to increase their energy production. One possibility was the creation of a new World Bank lending organisation.

The international capital market should continue to play the primary role in re-channelling oil producers' surplus funds, the communique said. But private lending would have to be supplemented by an expanded role for international institutions, particularly the International Monetary Fund.

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